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# Japan Report

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24 May 1985

## JAPAN REPORT

## CONTENTS

## POLITICAL AND SOCIOLOGICAL

Questions Asked About Nakasone's Political Power (SENTAKU, Mar 85) .....	1
Nakasone Visits Yasukuni Shrine for War Dead (KYODO, 22 Apr 85) .....	4
Atlantic Institute Holds Heated Security Debate (KYODO, 19 Apr 85) .....	5
Disaster White Paper Urges Better Communications (KYODO, 23 Apr 85) .....	6
KYODO Studies DSP Convention Power Bid Efforts (Antinio Kamiya; KYODO, 20 Apr 85) .....	7
Democratic Socialist Party Convention Opens (KYODO, 23 Apr 85) .....	9
Organized Labor Rallies Mark May Day Nationwide (KYODO, 1 May 85) .....	11
Japan Calls on USSR To Release Fishing Boat (KYODO, 27 Apr 85) .....	13
UNESCO Director General Currently Visiting Japan (Huguette J. Laprise; KYODO, 15 Apr 85) .....	14
Director General M'bow Defends UNESCO Record (KYODO, 17 Apr 85) .....	16
Nakasone, Netherland's Lubbers Hold Talks (KYODO, 17 Apr 85) .....	18
JCP Dietmen To Attend Functions for Peng Zhen (KYODO, 17 Apr 85) .....	20

Peace Ship Leaves for USSR, North Korea, PRC (KYODO, 26 Apr 85) .....	21
Japan Pursues Unidentified Speedboat 26 Apr (NHK, 26 Apr 85) .....	22
Speedboat Eludes Pursuing Japanese Coast Guard (KYODO, 27 Apr 85) .....	23
Briefs	
PRC Jiangsu Friendship Mission	24
PRC Joint Construction Firm	24
Sino-Japanese Toy Venture	24
Health Minister Meets Deng	24
ROK Boats Seized	25
Nakasone Meets PRC's Deng	25
Sudan Government Recognition Announced	25
Nakasone Plans European Tour	25
Belgian Prime Arrives	26
ROK Boats Seized	26
Abe Visit Planned	26
Nakasone's Bonn Itinerary	26
Iran Visit	26
Engineers Kidnapped in Iraq	27
Bonn Summit	27
Diet Session Extended	27
USSR's Demichev To Visit	27
North Korean Visit	28
European Tour, Bonn Summit	28
Nakasone to Bonn Summit	28
College Presidents Meet	28
Illegal Fishing Arrest	29

## MILITARY

Officials Preview Bonn Summit Statement (KYODO, 26 Apr 85) .....	30
Abe Hears Vayrynen's Objection to SDI Program (KYODO, 29 Apr 85) .....	31
Green Berets Conduct Parachute Drill in Yomitan (OKINAWA TIMES, 27 Apr 85) .....	32
Reform Committee Urges Review of Security System (KYODO, 28 Apr 85) .....	33
Japan To Introduce New Missile Destroyers (XINHUA, 13 Apr 85) .....	34

Washington Envoy Meets U.S. Defense Secretary (KYODO, 16 Apr 85) .....	35
U.S. Official Discredits Ship Visit Claim (KYODO, 16 Apr 85) .....	36
DFAB Checks 'Fitness' of Camp Hansen Ranges (RYUKYU SHIMPO, 20 Apr 85) .....	37
Briefs U.S. Nuclear Sub Cancels Visit .....	38

#### ECONOMICS

Nakasone Faces Tough Talks at Bonn Summit (Shiro Yoneyama; KYODO, 26 Apr 85) .....	39
More Imports Than Exports in Fiscal 1984 (KYODO, 26 Apr 85) .....	41
Japan's Plant Exports in Fiscal 1984 'Lowest' (KYODO, 15 Apr 85) .....	43
Record Current Account Surplus Posted for FY-84 (KYODO, 30 Apr 85) .....	44
Finance Ministry Relaxes Foreign Bond Issue (KYODO, 26 Apr 85) .....	46
Nakasone, Alaska Governor Discuss Oil Trade (KYODO, 30 Apr 85) .....	47
Japan, United States To Start Alaskan LNG Project Survey (KYODO, 30 Apr 85) .....	48
Japan Air Lines Concerned Over Pan Am Sell-Off (KYODO, 24 Apr 85) .....	50
Air Agreement With U.S. Should Deregulate Traffic (Sei Ogawa; KYODO, 1 May 85) .....	52
UK Trade Secretary Seeks Aircraft Sales (KYODO, 16 Apr 85) .....	54
Government Launches Import Buying Campaign (Sei Ogawa; KYODO, 26 Apr 85) .....	55
Fishery Agency Official Fear Salmon Haul Loss (KYODO, 26 Apr 85) .....	57

Pharmaceutical Trade Dispute With U.S. Settled (KYODO, 26 Apr 85) .....	59
MITI Approves Increase Quota for Three Car Makers (KYODO, 26 Apr 85) .....	60
Okita Urges Stimulation of Domestic Economy (KYODO, 24 Apr 85) .....	62
Briefs	
Committee To Promote Dam	64
Japan, U.S. Reopen Aviation Talks	64
Transport Ministry Drafts Port Plan	64
OECD on Japan Steel Policy	65
Car Exports Up in 1984	65
Loan to Egypt	66
Steel Exports Increase	66

POLITICAL AND SOCIOLOGICAL

QUESTIONS ASKED ABOUT NAKASONE'S POLITICAL POWER

Tokyo SENTAKU in Japanese Mar 85 pp 42-43

[Text] The Aftermath of the Soseikai Incidents

"This makes the political situation more fluid. This will make the planning of political affairs more difficult for both Mr Nakasone and Mr Tanaka (former prime ministers). I, too, must rethink my strategy."

The beginning of the Soseikai (political study group) by Takeshita Noboru, (minister of finance) was divisive to Tanaka's group, although on 13 February, the talk between Tanaka and Takeshita seemed to bring about a temporary truce. Suzuki (former prime minister) leaked the above statement to those around him, because his relationship with Nikaido became strained after the incident. A person close to Suzuki complained saying, "If Suzuki continues being comfortable in his hostility toward Nakasone, it might precipitate an unexpected event." Suzuki merrily looks on, as if it were a "fire on the other side of the river."

If Suzuki calmly thinks matters over he will not be happy that Takeshita can boast both within and without the group.

If Suzuki really intends to give the Nakasone post to Kiichi Miyafawa, (chairman of the executive council), Takeshita cannot be that happy, because he has been warming up to Shintaro Abe (minister of foreign affairs) in one way or another.

However, as Suzuki says, putting aside this matter, the Soseikai, which caused the division in Tanaka's group will surely make Nakasone's political administration more difficult from now on.

Kanemaru and Suzuki's Relations Are Like A Fox and Racoon (sly and cunning)

I presume the Takeshita coup d'état was not totally unexpected by Nakasone. Since Kanemaru, a relative of Takeshita's, boastfully said, "I'll see to it that Takeshita consolidates his political power, while I'm still alive." Therefore, it was an acceptable move, which would take place, "at the time of" Nakasone's second election. In fact it is said, the preparation for starting a "new power" (lifting up the banner) by Kanemaru and Takeshita had been in process since last summer.

Last October during Nikaido's power play maneuvers, strangely enough (Takeshita) kept a low profile (kept quiet) while Kanemaru tried unusually hard to support Nakasone, for his second term election. This attitude made Nakasone think that there was "something" in the air.

Certainly there was a change in the situation. However, with Kanemaru as a pivot, there must have been an unspoken understanding that "within a year's time after Nakasone's second term election, either one (namely Takeshita or Abe) would become the prime minister, or the president." Last 5 July, when Abe and Takeshita met, the conversation between them centered on "Within this 1 year, between us, (Abe and Takeshita) let's put our efforts together to build up the district support." This is thought to be their mutual agreement.

In the meantime, Mr Nakasone may have had one intriguing question about this "Soseikai" incident. (Yoshio Sakurauchi, president of the Nakasone faction): "Why could they have not waited until the 1985 budget was finished?" However, it is not that strange when you think about it. Kanemaru, who had so far declared his dislike of Nakasone, in October, stifled Nikaido's aggressive movements and suddenly ascended, and to everyone's amazement he took over the Secretary General's position. Also in regard to the personnel for the successor to Fukunaga, (the president of the House of Representatives) Kanemaru, push aside the very man, Kensaburo Hara (former minister of labor) whom Tanaka strongly recommended, and instead put Sakata Michita (former minister of education) in the seat. Judging from "the response of the anti-Tanaka strategy," bringing all this about within 3 months time after the second election, before the budget completion, seems excellent timing.

The judgment that "Tanaka was getting 'dull'" did not come from Kanemaru alone. No doubt Nakasone had an inkling of the same. He (Nakasone) did only what was routine in pushing Hara into the position of chairman, simply because Hara was a guest member in his faction and a friend of Tanaka's. There is a desire to see Tanaka's reaction to handing Kanemaru carte blanche.

On 13 February, after a temporary truce between Tanaka and Takeshita, concerning the rise of the Soseikai, Kanemaru went to Nakasone and gave him a detailed report on the whole matter. According to Kanemaru, Nakasone told him "because Tanaka is a very reasonable man, he will surely, in time, understand. I wish you to support Kaku (short for Kakuei). Sooner or later you people will become the mainstream (of the Tanaka faction)." Originally, Nakasone and Kanemaru's relation was like a racoon and a fox (bewitching each other). Even if they now agree on the idea of "changing generations," yet how long Nakasone will continue or when he will willingly yield his seat has not yet really been decided. Perhaps the public promise Kanemaru made, as collateral, at the time of his becoming secretary general, might have been only that "Nakasone might talk to Tanaka in case Takeshita gets in a jam." If so, all that Kanemaru can rely on, could be to have Nakasone fulfill this promise. In other words, while warning Nakasone, "don't stick your neck out for an inner circle quarrel," (Kanemaru) meant to say that (Nakasone) must understand what was said at that time, and his support for Nakasone will continue unless something absolutely extraordinary happens.



As to how Nakasone accepted this? He may not be able to forget what Kanemaru said to one friendly financier during the early part of September, just a month before he became Secretary General. Kanemaru said, "the rise of Takeshita is on schedule." Even if Nakasone is elected to a second term, he will not finish his 2 years, (his full term). In a year I shall have him pass on the "mantle" to Takeshita. If Nakasone does not resign, I am a good one at pulling peoples legs.

The question is, will Takeshita be ready by then? If all goes well, all will follow, if not, there will be some who will have "cold feet." After saying this Kanemaru adds concerning Nakasone's role. "Of course about this time some from the party will come to say to "dad": Tanaka, let Takeshita take over. Nakasone also may earnestly beg Tanaka to do so." Is the restoration the connection with Tanaka? However, half a year since that time--since Nakasone was reelected to now--Kanemaru's idea of "succeeding the post in a year" seems to have faded away. And in addition, Kanemaru with all his dislike of Nakasone, says, "Nakasone has changed his attitude from what I knew of him (meaning before this) that's why I stuck my neck out." This seems to be the only reason for Kanemaru, as secretary general to support Nakasone. (30 January interview with the Yamanashi newspaper). Has the "1 year" changed to a "full term"? Or is it that there is 'no leeway', to think a year a head." So he intends to support Nakasone until "autumn to gain 'time.'" Whatever Tanaka says, (which might not be his true thoughts) at this stage, it is inconceivable to think Nakasone after his full term venture will "run" for another term.

"What Nakasone may have in mind, is to fulfill his 4-year term of office as a model and have or continue to have influence," this is what Nakasone's close associates say. For this reason Nakasone is willing to join hands with Kanemaru or Tanaka, or even with Suzuki, in case there is the possibility of dissolution of the Diet.

Right now, there are many advisors, telling Nakasone, "now is the time to make amends with Tanaka in your relationship." "The reason both Kanemaru and Nikaido boast of their power, is because of the 120 supporters behind them. Even if Takeshita should become independent of Tanaka, he could still be like the Komoto faction and become a small or medium-size faction," (a leading member of Nakasone faction). "If Nakasone gets too much closer to Kanemaru, he might be overturned. Going with Takeshita or remaining behind, whatever they're saying is the same.

The Tanaka faction wants the prime minister-LDP president to come out of its own (faction). Maybe in midstream Tanaka might push Nikaido to the post, (Nakasone's brain trust).

This is the "keen-eye" of the Nakasone side that sees through Kanemaru and Takeshita. So since the middle of March, Nakasone has been playing golf with Tanaka, or having lunch with Nikaido. All these add up to this--the political lifespan of Nakasone depends largely on how far the distance is between him and Kakuei Tanaka.

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CSO: 4105/198

POLITICAL AND SOCIOLOGICAL

NAKASONE VISITS YASUKUNI SHRINE FOR WAR DEAD

OW220327 Tokyo KYODO in English 0302 GMT 22 Apr 85

[Text] Tokyo, 22 April KYODO--Prime Minister Yasuhiro Nakasone Monday visited and offered prayer at the Yasukuni Shinto Shrine in downtown Tokyo, which is dedicated to Japan's many war dead.

The visit, on the occasion of the shrine's seasonal spring rite, was Nakasone's ninth since becoming prime minister in December 1982.

Nakasone put down his name with his official title of Prime Minister in the visitors book, his aides said.

Asked by newsmen whether he was visiting in a private or official capacity, Nakasone only replied that he made the visit as Nakasone, who is prime minister.

Opponents, including religious groups and antiwar activists, assert that such visits to the shrine by government leaders violate the constitution which separates politics from religion.

Nakasone said he was waiting for an opinion from an advisory panel over the controversial visits of the government leaders to the shrine.

Nakasone's visits, originally made in a private capacity, have gradually acquired an official air with subtle changes in the description of his role in attending the shrine.

On Last year's anniversary of the end of World War II on 15 August, Nakasone visited the shrine, then also describing himself as Nakasone who is prime minister.

CSO: 4100/408

POLITICAL AND SOCIOLOGICAL

ATLANTIC INSTITUTE HOLDS HEATED SECURITY DEBATE

OW190617 Tokyo KYODO in English 0605 GMT 19 Apr 85

[Text] Tokyo, 19 April KYODO--The 21-nation Atlantic Institute for International Affairs ended a 2-day conference in Tokyo on Friday with a heated debate on ways to preserve the political and economic security of the industrialized countries.

European, American and Japanese statesmen, diplomats, businessmen and journalists at the conference, which was held behind closed doors, discussed the importance to the Western democracies of maintaining a close interrelationship between economic and political security.

The former director-general for external relations of the Commission of European Communities (EC), Edmund Wellenstein stressed that the European economy is not on the decline and it is important to maintain good relations and unity between Europe, the United States and Japan.

The former U.S. representative to the organization for economic cooperation and development (OECD), Abraham Katz, however, pointed out that it is vital to introduce new highly advanced technology in Europe to create new employment opportunities and solve the unemployment problem there.

Katz also said it is important to start a new round of multilateral trade negotiations in the early part of next year by beginning preparations this summer.

But some European participants said a careful study was needed of the possible effects of starting the new round, according to officials of the federation of economic organizations (Keidanren), which hosted the conference.

The participants also held heated discussions on ways to reduce Japan's swelling trade surplus, the officials said.

CSO: 4100/408

POLITICAL AND SOCIOLOGICAL

DISASTER WHITE PAPER URGES BETTER COMMUNICATIONS

OW230447 Tokyo KYODO in English 0253 GMT 23 Apr 85

[Text] Tokyo, 23 April KYODO--A white paper on disaster prevention released Tuesday said earthquakes and other natural disasters last year have shown the need for improved communications facilities.

National Land Agency Director General Kakuzo Kawamoto presented the 1985 annual report for cabinet approval at its regular meeting.

The report proposed that local wireless systems be improved to convey precise information and prevent panic in case of disaster.

It also suggested that electrical and communications facilities be made more fire-and-quake proof, citing telephone cable fire which paralyzed parts of Tokyo last November.

The report said 16 people were killed and missing in landslides triggered by heavy rains in Itsuki, Kumamoto Prefecture, last June and 29 others [were] killed in severe earthquakes in Western Nagano Prefecture last November.

Volcanic Sakurajima in Kagoshima Prefecture was also active last year, with volcanic ash causing severe damage mainly to farm products.

Record snowfalls also killed and injured 854 people in various parts of the country between December 1983 and March 1984.

Last year's damage from disasters have yet to be totaled, but landslides are becoming more frequent, the report said.

The report proposed improved warning and evacuation systems for local people and other measures to cope with landslides.

The report also called for continued observation and disaster prevention training for people in the Tokai region, where it is thought a large earthquake may soon occur.

CSO: 4100/408

POLITICAL AND SOCIOLOGICAL

KYODO STUDIES DSP CONVENTION POWER BID EFFORTS

OW200531 Tokyo KYODO in English 0501 GMT 20 Apr 85

[By Antinio Kamiya]

[Text] Tokyo, 20 April KYODO--Japan's Democratic Socialist Party opens a 3-day convention next week under a new leadership line-up that is determined to pursue a moderate, middle-of-the-road line and a search for power through coalition with the ruling Liberal-Democratic Party.

With only 38 members in the 511-seat Lower House and 13 in the 252-member Upper House, the DSP is overshadowed in the opposition camp by the Japan Socialist Party, from which it broke away 25 years ago, but has managed to keep a niche in modern Japanese politics through the support of Domei, Japan's second-largest union group.

Politically, the DSP has steered a middle-of-the-road course, breaking ranks with the other opposition parties over important policies such as the legal status of the self-defense forces.

Under the leadership of outgoing Chairman Ryosaku Sasaki, the DSP has unabashedly kept the party close to the ruling Liberal-Democratic Party (LDP) and provoked the ire of other opposition parties. Some members of the Socialist Party dismiss the DSP as "just another LDP."

The label seems to bother the DSP. In fact, the DSP has been concerned to establish what role it should play, squeezed as it is between the LDP to the right and the Socialists to the left.

The Socialists' apparent switch to a more pragmatic line under JSP Chairman Masashi Ishibashi is said to have agonized the DSP leadership.

However, the DSP fear that the party would be swamped under a reconstituted JSP turned out to be unwarranted as the socialists' vow to move toward pragmatism was blocked by the party's doctrinaire elements.

"A coalition (with the socialists) is all but impossible because of fundamental differences over diplomatic, defense and other important policy areas," the DSP leadership has asserted in a policy statement.

Instead, the DSP is now officially committed to seek a coalition with the LDP.

Some opposition politicians accuse the DSP of being power-hungry, but the DSP leadership takes such criticism philosophically, preferring to concentrate on the possibility of partnership with the LDP. "A party which can't seize political power is just like a cat which can't catch a rat," they like to say, quoting the dictum laid down by the late Suehiro Nishimura, the first DSP chairman.

The DSP believes there is no insurmountable obstacle blocking its way toward a share of power with the LDP, or a tie-up with certain LDP factions.

In fact, the DSP did attempt to play up the LDP's factional divisions when Sasaki took part in what turned out to be an abortive maneuver to unseat Prime Minister Yasuhiro Nakasone when he stood for reelection as LDP leader last November.

Despite the setback, the DSP still believes it has a chance to share power, and its opportunity could come in the next general election, assuming that the LDP again fails to win a clear Diet majority.

How far the DSP can succeed is something the new leadership under Chairman-Designate Saburo Tsukamoto will have to decide.

CSO: 4100/408

POLITICAL AND SOCIOLOGICAL

DEMOCRATIC SOCIALIST PARTY CONVENTION OPENS

OW230527 Tokyo KYODO in English 0500 GMT 23 Apr 85

[Text] Tokyo, 23 April KYODO--The Democratic Socialist Party opened a 3-day convention Tuesday with a call by outgoing DSP Chairman Ryosaku Sasaki for sustained government efforts to stimulate the domestic economy as a long-term solution to growing trade friction.

The convention is expected to formally endorse a new leadership line-up under Chairman-Designate Saburo Tsukamoto on the final day Thursday.

Trade friction dominated the opening session of the 30th DSP convention, held to mark the 25th anniversary of the founding of middle-of-the-road opposition party.

With the 2.5-million member Domei, Japan's second-largest trade union, as its principal backer, the DSP ranks thirs in the opposition camp, commanding 38 seats in the 511-member Lower House and 13 seats in the 252-member Upper House.

Sasaki said trade friction is no longer a purely economic issue but has become a major political issue for the government of Prime Minister Yasuhiro Nakasone.

He called for extensive "pump-priming" measures including more public spending, house building and a shortening of working hours.

Sasaki's appeal was endorsed by Domei Secretary-General Yoshikazu Tanaka. In a speech at the opening session, Tanaka called for tax reduction to increase consumers' purchasing power.

"If the prime minister wants the people to buy more import goods, the government must first fatten their wallets," Tanaka said, in reference to Nakasone's "buy foreign goods" appeal.

While the convention is expected to endorse Tsukamoto as the new DSP chairman in a new party leadership line-up, the convention could face heated debates on the question of how to remove the behind-the-scenes influence of party elders, an issue that in the past has held up selection of the party's top executives.

Sasaki, citing the need for a "change of generation," is leaving the chairmanship, the party's top job, after 8 years in the post.

Tsukamoto, 57, is currently the DSP secretary-general, a post which will be taken over by Keigo Ouchi, 55, currently chairman of the party's Policy Affairs Council. Party Diet Policy Committee Chairman Eichi Nagasue, 67, will be appointed as the sole deputy chairman in the new DSP triumvirate.

Sasaki's keynote address, his last as chairman, drew a prolonged ovation from the 446 delegates when he reminded his colleagues to thank their spouses for their support.

Apart from the issue of leadership, the convention will also discuss the party policy proposal of seeking a coalition with the ruling Liberal-Democratic Party.

Komeito Chairman Yoshikatsu Takeiri, in a message of greeting, called for cooperation between the two middle-of-the-road parties in order to force an end to the LDP's domination of Japanese politics.

CSO: 4100/408



POLITICAL AND SOCIOLOGICAL

ORGANIZED LABOR RALLIES MARK MAY DAY NATIONWIDE

OWO10635 Tokyo KYODO in English 0518 GMT 1 May 85

[Text] Tokyo, 1 May KYODO--Japan's organized labor assembled at 1,173 places across the country on the 56th 1 May Labor Day Wednesday. Labor leader Takeshi Kurokawa, addressing a massive rally in Tokyo, called for shortening working hours.

Labor Minister Toshio Yamaguchi attended a sports festival and offered thanks and respect for all the workers.

The Organizing Committee said an estimated 4.2 million people participated in the rallies throughout the country, but police put the turnout at only 552,000.

Main slogan for this year said "in order to keep workers' life and rights, make Japan peaceful and free through labors' unity."

The words "life and rights," eliminated from last year's slogans, reappeared this year to stress on the basics again, the committee said.

A poor wage increase this year--in spite of recent economic recovery--bad housing conditions and mounting education expenses threaten the worker's life, the committee added.

The May Day Committee consists of four major labor unions, General Council of Trade Unions of Japan (Sohyo), Japanese Confederation of Labor (Domei), Federation of Independent Unions (Churitsu Roren) and National Federation of Industrial Organizations (Shinsanbetsu).

The committee also organized for the first time a sports festival after the main rally in Yoyogi Olympic Park.

The Tokyo rally at Yoyogi was held with some 320,000 participants including representatives of major opposition parties, the committee said.

Takeshi Kurokawa, chairman of Sohyo, stressed at the mass outdoor rally "the importance of shortening working hours."

He also criticized Prime Minister Yasuhiro Nakasone's recommendation, "buy 100 dollars foreign goods," to solve the trade frictions and said "improvement of Social Security and tax reductions are more important for the nation."

After adoption of resolutions, "making May Day a national holiday" and "setting a legal week-long holiday" from the end of April to the first part of May, the participants assembled for demonstrations in six places. Meanwhile, May Day appeared different in various places.

Some 720,000 workers joined the ceremony in the four prefectures of the Kinki District, according to the May Day Committee. Two labor unions, Sohyo and Churitsu Roren, held separate meetings for the third consecutive time this year.

The workers of Nippon Telegraph and Telephone Corp, which withdrew from the Council of Public Corporation Workers' Unions last month as the company was privatized, observed a different May Day from previous year.

Promotion of the corporation's name was emphasized in its meeting instead of Labor Day as such.

Woman workers showed themselves more serious about their working conditions as the issue of equal employment opportunity with men has been largely discussed in the final year of the International Woman's Decade.

"Differences between regular employees and part timers are more important than inequality between men and women," a woman said.

Another woman said the lack of understanding in offices leads women to quit their jobs unwillingly. She called for improvement of working conditions.

CSO: 4100/408

POLITICAL AND SOCIOLOGICAL

JAPAN CALLS ON USSR TO RELEASE FISHING BOAT

OW271213 Tokyo KYODO in English 1159 GMT 27 Apr 85

[Text] Tokyo, 27 April KYODO--Japan Saturday called on the Soviet Union to release a Japanese fishing boat and the 22 men who were on board when the Soviets seized it in the Bering Sea last Tuesday, Foreign Ministry officials said.

Ministry officials said the government made the appeal in a meeting between Issei Nomura, head of the ministry's division on Soviet affairs, and Ishenbay Abdurazakov, a counsellor at the Soviet Embassy.

The 22 fishermen were detained by Soviet authorities after their vessel, the No 18 Fukuho Maru, was captured by a Soviet patrol boat while operating in the area--a disputed economic zone between the United States and the Soviet Union.

In asking for their release, Nomura told Abdurazakov that the Japanese fishermen were operating according to U.S. domestic law based on a Japanese-U.S. fishery agreement and had no intention of fishing in the Soviet Union's 200-mile economic zone.

Nomura also said the spot where the No 18 Fukuho Maru was seized was claimed by both the Soviet Union and the United States as lying within their own 200-mile economic zone.

Abdurazakov promised to relay Normura's request to Moscow, Japanese officials said.

The Soviet Union Friday released a female American observer of the U.S. Maritime Service who was on board the Fukuho Maru to monitor the vessel's catch.

CSO: 4100/408

POLITICAL AND SOCIOLOGICAL

UNESCO DIRECTOR GENERAL CURRENTLY VISITING JAPAN

OW151115 Tokyo KYODO in English 1045 GMT 15 Apr 85

[By Huguette J. Laprise]

[Text] Tokyo, 15 April (KYODO)--Disarmament and communications, two major programs of UN Educational, Scientific and Cultural Organization (UNESCO) would be affected by the reform the organization is urged to undergo by some of its members.

But this was neither confirmed nor denied by UNESCO Director General Amadou M'bow, currently visiting Japan.

I had acted according to the instructions given by my executives. You will see by yourselves in the next budget coming out soon," he told KYODO News Service here, Monday.

And another source told KYODO the temporary committee, formed of 13 member countries which the organization's broad set up last year, wants those disarmament and communications programs not necessarily abolished, but substantially transformed.

According to the source, the committee, which includes 4 Japanese, is looking for 15 items to be improved and "all should be implemented," the source said.

It appears that the motive behind the decision of United States to quit the organization--and Britain and Singapore to announce they would withdraw by 1986--is related to those two programs.

Japan is also very concerned by the matters as well as by "the failure of M'bow to respond to its proposals which include a call for a review of UNESCO activities, zero-growth budget and rationalization of administrative procedures," a different source said.

The Soviet Union had been very skillful in using those two programs for its own propaganda, Japanese sources said.

The UNESCO disarmament program is aimed at informing about the question through the National Educational Systems of member countries. At the initiative

of the United States, an international program of developing communications had been implemented in 1978. Training, equipment and materials are provided to Third World Countries through cooperative projects.

The substantial modifications in the two programs would be aimed at thwarting Soviet propaganda and bringing the Soviets to respect the basic philosophy and purposes of UNESCO. It had been also said that main provisions of the UNESCO constitution are questionable. The vagueness of it allows easy interpretation, considered a serious problem--according to the Japanese sources.

Director General M'bow, who arrived Sunday, is on a 5-day visit to Japan as the guest of the Tsukuba Expo '85 organizers.

On the second day of his journey, he participated in an international symposium entitled "Habitat de Demain" to mark the International Youth Year.

It was held jointly by the National Federation of UNESCO Associations in Japan, the Ministries of Foreign Affairs, Education, International Trade and Industry, the Agency of Science and Technology, the Japan Young Overseas Organizations and two private companies, Mitsui Homes and Japan Ship and Air Corp.

M'bow's schedule here also includes meetings with Foreign Minister Shintaro Abe and Education Minister Hikaru Matsunaga.

At the symposium held Monday, at the Sogetsu Hall, one of the principal panelists, Mahdi Elmandjra, professor at University Mohamed V [as received] in Morocco and member of the Club de Rome, introduced a rather pessimist view of the habitat in the 21st Century.

"The least that can be said today is that the international context is not favorable to a restructuring of the international economic system which is indispensable to a new distribution of resources on a planetary level and without which the basic needs of the Third World including habitat, cannot be satisfied within the next 15 years," the professor said.

"The facts as they stand and the trends as they can be measured point to one very discouraging conclusion: less than one out of five inhabitants of the globe will, in the year 2000, enjoy a habitat ensuring a half decent quality of life."

Nonetheless, Professor Elmandjra sees a challenge in perspectives of less than 30 years "which cannot be left to decisionmakers and politicians who are lagging way behind," he said.

The symposium also included all the 10 prize winners of the international architecture contest sponsored by UNESCO.

Most of them, whose exhibits are presented in the UNESCO pavilion at Expo '85 at Tsukuba, are from the Third World countries including Morocco, Argentina, Mexico, Cuba, Nigeria, Indonesia. The others are from Russia, France, Japan, and Byelorussia. They each introduced the project submitted at the contest held in May last year.

POLITICAL AND SOCIOLOGICAL

DIRECTOR GENERAL M'BOW DEFENDS UNESCO RECORD

OW171309 Tokyo KYODO in English 1254 GMT 17 Apr 85

[Text] Tokyo, 17 April KYODO--UNESCO Director-General Amadou Mahtar M'bow Wednesday fiercely defended his management of the UN agency at a press conference in Tokyo.

M'bow, 64, was speaking at the Japan National Press Club on the 3rd day of his visit as a guest of the Tsukuba Expo organizers.

"Let me tell you if you ask about the growth of the budget, that UNESCO comes fourth compared with other institutions of the United Nations," said M'bow, under pressure from questions implying he had failed to bring down expenditure and had not reduced the staff.

He said that since 1973 the UNESCO budget had grown 279 percent compared to 290.1 percent for the United Nations Organization itself, 306.1 percent for the International Labor Organization, 442.2 percent for the Food and Agriculture Organization and 253.1 percent for World Health Organization.

In real terms, the budget of all the other organizations had increased but the budget of UNESCO had diminished by 13.06 percent, he said.

Many member countries, including Japan, are asking UNESCO to review its activities, to adopt a zero-growth budget, to rationalize administrative procedures and apply a rational recruitment policy. Unless these reforms are adopted, some countries are threatening to pull out of the organization.

Following the withdrawal of the United States late last year, Britain and Singapore have given notice of their intention to quit UNESCO by the end of this year. In February, Japan warned that it too will reconsider its membership of the organization unless its request are met.

Concerning the fact that he had been blamed for spending 80 percent of the budget at the headquarters in Paris and only 20 percent in the field, M'bow, speaking in French, said, "even if the expenses are incurred in Paris, it doesn't mean the activities take place there.

He gave as an example the project "Habitat de Demain" developed for the Tsukuba expo, which had been planned and directed in Paris, but is taking place in Japan.

Asked about the "extravagance" of his lifestyle in Paris, as alleged in some European newspapers at the time of U.S. decision to withdraw, M'bow said "It is strange all the noise that is being made. My salary can be verified, my flat visited by any one of you. For my private car, I pay back the expenses for the garage and the gas to UNESCO every month."

Although he has not obtained an assurance from Japan that it will maintain its membership of UNESCO, M'bow said he hopes Japan will stay within the organization and will continue to cooperate with the organization and the other member countries.

He said although UNESCO is under pressure now, the issue goes wider than UNESCO. It concerns all the organizations of [the] United Nations, he said.

"And if international system created 40 years ago, at the end of World War II, is to continue, we have to ask what are the conditions and the modalities under which this system should be developed," he said.

For M'bow, the complex and difficult mission to UNESCO in a difficult world is necessarily affected by the tensions, conflicts, interests and contradictions that exist in the world.

"If UNESCO cannot survive such a situation, we must conclude that international cooperation is becoming impossible if such is the case, everybody knows where it will lead us. We experienced it between the two world wars," he said.

M'bow said reforms are being implemented and he is ready to cooperate with Japan and with any other of the member countries.

"I am the director general of the reform, but also the director general of the dialogue," he said.

CSO: 4100/408

POLITICAL AND SOCIOLOGICAL

NAKASONE, NETHERLAND'S LUBBERS HOLD TALKS

OW171221 Tokyo KYODO in English 1219 GMT 17 Apr 85

[Text] Tokyo, 17 April KYODO--Dutch Premier Rudolphus Lubbers seized the opportunity of a meeting Wednesday with Prime minister Yasuhiro Nakasone to call for an end to the Japanese practice of keeping tulip and other flower bulbs in quarantine to guard against plant disease.

Lubbers also urged Japan to allow KLM Royal Dutch Airlines to increase its flights between the two countries on the polar route from three to four per week.

The Dutch leader made the demands in a 70-minute meeting with Nakasone, who replied that trade friction involving Japan's non-tariff barriers stems in part from "a cultural gap," a Japanese official said.

Lubbers warned that Japan may be underestimating the "tension" it is creating in trade with European Community member countries, according to the Japanese official.

Nakasone, the official said, countered that the Japanese are rather "sensitive about quarantines" and contended that the country is not deliberately erecting such barriers.

Lubbers said some 140 countries import plant bulbs from the Netherlands and only Japan requires them to be kept in quarantine.

A Foreign Ministry source said Japan and the Netherlands will hold talks in September to discuss the Dutch request for increased flights by KLM to Japan.

The two countries recently resolved one major trade issue when Japan agreed to send inspectors to examine Dutch cut flowers bound for Japan.

Other requests from Lubbers to Nakasone included expansion of a herring import quota, purchase of Fokker aircraft and allowing a major Dutch insurance company to enter the Japanese market, the ministry source added.

Lubbers reminded Nakasone that it took 4 years for the Dutch insurance concern to win a tentative nod from the Japanese Finance Ministry, the Japanese Government official said.



The Japanese premier said he is "ready to check progress" in the disputed areas personally, the official quoted him as telling his Dutch counterpart.

Lubbers and Nakasone also discussed the planned installation of intermediate-range nuclear missiles in Europe, a new round of multilateral trade negotiations and financial aid to developing countries.

Lubbers arrived in Fukuoka, Kyushu on Tuesday on an official 5-day visit to Japan.

Prime Minister and Mrs Nakasone welcomed the Dutch premier, his wife and his party in a banquet at the premier's official residence on Wednesday evening.

CSO: 4100/408

POLITICAL AND SOCIOLOGICAL

JCP DIETMEN TO ATTEND FUNCTIONS FOR PENG ZHEN

OW170851 Tokyo KYODO in English 0841 GMT 17 Apr 85

[Text] Tokyo, 17 April KYODO--The Japan Communist Party, in a clear departure from its past hostile stance toward Chinese, announced Wednesday communist Dietmen would attend functions in the Diet for Peng Zhen, chairman of China's National People's Congress (Chinese Parliament) who is coming to Japan next week.

The announcement came amid reports that the Japanese and Chinese Communist Parties, which have been at ideological loggerheads since the late 1960's, are trying to bury the hatchet and normalize relations.

Since the two parties broke official relations during China's cultural revolution, members of the Japan Communist Party, including Dietmen, have boycotted functions attended by visiting Chinese leaders.

Zenmei Matsumoto, communist member of the house of representatives and chairman of the party's Diet Policy Committee, said his Diet colleagues would attend a special plenary session of the Lower House on 24 April in which Peng will deliver a speech.

Communist Dietmen will also attend a dinner to be held in the Diet in honor of Peng, Matsumoto said.

Matsumoto emphasized, however, the JCP Dietmen would give Peng company only because such functions constitute association on the parliamentary level, not on the party level, apparently indicating that the two parties are yet to reconcile each other.

CSO: 4100/408

POLITICAL AND SOCIOLOGICAL

PEACE SHIP LEAVES FOR USSR, NORTH KOREA, PRC

OW261121 Tokyo KYODO in English 1059 GMT 26 Apr 85

[Text] Niigata, 26 April KYODO--In a bid to promote peace in the Asian region, a Japanese ship with some 300 passengers aboard set sail from Niigata port Friday bound for the Soviet Union, North Korea and China.

The "Japan Sea-Asia Peace Ship," is joined by noted writer Makoto Oda and General Council of Trade Unions of Japan (SOHYO) adviser Akira Iwai aboard, the passengers will visit the two Soviet ports of Nakhodka and Khabarovsk, North Korea's Pyongyang and China's Tianjin and Beijing. [Sentence as received]

The passengers, from across Japan, are scheduled to take part in a peace demonstration in Khabarovsk and in a Japan-China friendship and peace rally at the Great Hall of the People in Beijing, before returning to Nagasaki 10 May.

Lectures by university teachers on politics, economics and peace are also included as part of the ocean cruise agenda.

Iwai pointed out that the Pyongyang visit will mark the first time that a large private-level Japanese delegation has visited North Korea, a nation that has no diplomatic ties with Japan, in the post-war period.

One of the passengers, Tadaaki Hachisu, 26, of Saitama Prefecture, said "I joined up as soon as I heard that the ship was going to North Korea. With 60 percent of the passengers in their 30's, our generation will have ample opportunity for discussions on peace."

CSO: 4100/408

POLITICAL AND SOCIOLOGICAL

JAPAN PURSUES UNIDENTIFIED SPEEDBOAT 26 APR

OW261437 Tokyo NHK Television Network in Japanese 1200 GMT 26 Apr 85

[From "News Center 9 O'clock" Program]

[Text] At this very moment, a large-scale pursuit, something like a scene from a 007 movie, is going on in the East China Sea. The site of this large-scale pursuit is the sea off the coast of Kagoshima Prefecture; the pursuit began when an unidentified speedboat neglected an order to stop issued by maritime safety patrol boats.

The 10th Regional Maritime Safety Headquarters has dispatched 23 vessels, including patrol boats and ships, and 4 aircraft in launching this large-scale pursuit. However, the boat is fleeing at a top speed of 40 knots, or 75 kilometers per hour, a very fast speed at sea. At 2020 [1120 GMT], the boat was heading west northwest in the East China Sea about 460 km off Yaku islands.

When a fishing surveillance boat of Miyazaki Prefecture intended to conduct an on-the-spot inspection around noon yesterday, the boat suddenly fled at high speed. The boat was marked No 31 Koei Maru, but it has been discovered that the No 31 Koei Maru is in Oita Prefecture. In this connection, the 10th Regional Maritime Safety Headquarters suspects that the fleeing boat is a foreign boat in disguise for the purpose of spying or smuggling. This unidentified boat is expected to enter international waters late this evening. Therefore, the Maritime Safety Headquarters is doing its best to catch the boat before it leaves our territorial waters.

CSO: 4100/408

POLITICAL AND SOCIOLOGICAL

SPEEDBOAT ELUDES PURSUING JAPANESE COAST GUARD

OW270232 Tokyo KYODO in English 0203 GMT 27 Apr 85

[Text] Kagoshima, 27 April KYODO--A suspicious speedboat of unknown nationality eluded pursuing Japanese Coast Guard patrol ships and aircraft in the East China Sea early Saturday and disappeared toward Chinese territorial waters.

Twenty-three patrol ships and 4 airplanes began pursuit of the suspicious vessel after it was spotted in Japanese waters off eastern Kyushu Thursday morning.

It bore the fishing boat registration sign OT2-3311 No 31 Koei Maru, but the real Koei Maru, based in Oita Prefecture, was confirmed to be operating several hundred kilometers away, off Miyazaki Prefecture.

Ignoring orders from the Japanese Maritime Safety Agency patrol boats to stop, the suspicious vessel sped at 24 knots to 40 knots 44 to 74 kph).

The agency officials said that the unidentified boat skillfully zigzagged to avoid Japanese ships in the rough seas.

The fastest of the Japanese pursuing boats had the maximum speed of 30 knots, and they had to drop out of the chasing game one after another as they ran out of fuel.

The officials said that all the available space in the escaping ship must have been turned to fuel tanks.

The elusive speedboat sped all the way about 1,000 kilometers without stopping until it finally disappeared from the radar of the pursuing ships at a point about 70 kilometers to the Chinese territorial waters in the East China Sea at 1:10 am Saturday.

The officials said that five patrol ships and three airplanes were still looking for the boat in the area.

The skipper of the real Koei Maru, which returned to a port in Oita Prefecture Friday, said that he had not had a wink of sleep because of [the] rush of inquiries from police and maritime safety officials since Thursday.

He said he had no idea how the registration number and name of his ship were used by the suspicious boat.

POLITICAL AND SOCIOLOGICAL

BRIEFS

PRC JIANGSU FRIENDSHIP MISSION--Tsu, Mie Pref, 9 April KYODO--A friendship mission arrived here Tuesday from Zhenjiang, a sister-city of this western Japan city in China's Jiangsu Province. The mission was led by the Chinese city's mayor, Gao Dezheng, who called on Tsu Mayor Hatsuhiro Okamura at his office in return for the latter's visit to China in June last year. The two cities, which have similar climates, concluded the sister-city agreement during Okamura's stay in China. In Tuesday's meeting, Okamura agreed to accept students of the Japanese language, fruit culture and obstetrics-gynecology from the Chinese city. Agreement was also reached on the dispatch of a mission to China from Tsu this August, and an exhibition of Chinese Products in Tsu in mid-October. [Text] [Tokyo KYODO in English 0835 GMT 9 Apr 85 OW]

PRC JOINT CONSTRUCTION FIRM--Tokyo, 10 April KYODO--Takenaka Komuten Co, Japan's leading construction firm, has agreed to establish in Beijing the first Sino-Japanese joint construction firm with Beijing Chang Cheng Construction Corp, a Takenaka spokesman said Wednesday. The Chang Cheng-Takenaka Construction Co will start business in construction design and work, technical consultation, and procurement of materials, upon the Chinese Government's approval expected in June. The firm, with 1 million yuan (100 million yen) capital to be financed equally by the two partners, will have a Chinese representative as president, and a Japanese as vice president, the spokesman added. [Text] [Tokyo KYODO in English 0403 GMT 10 Apr 85 OW]

SINO-JAPANESE TOY VENTURE--Tokyo, 17 April KYODO--Bandai Co, a major toy maker, has established a toy manufacturing joint venture in China--the first such undertaking for a Japanese company. A company spokesman said Fuman (China) Toys Co, capitalized at 2.2 million dollars, was set up in Fuzhou, Fujian Province under the equal ownership of Bandai and Chinese interests such as the Fujian branch of China National Light Industrial Products Import and Export Corp. The new company will start construction of a factory in the province at the end of this month with production scheduled to start in spring next year, the spokesman said. The Japanese toy industry has recently been gripped by Chinese "fever," brought on by the urge to take advantage of China's foreign investment incentive measures. [Text] [Tokyo KYODO in English 0116 GMT 17 Apr 85 OW]

HEALTH MINISTER MEETS DENG--Tokyo, 16 April KYODO--Deng Pufang, son of China's leader Deng Xiaoping, had a meeting with Health and Welfare Minister Hiroyuki Masuoka Monday night, officials said Tuesday. During the meeting, Deng asked

for Japanese cooperation in a Chinese plan to build a comprehensive rehabilitation center for the handicapped, officials said. The project has been promoted by Deng, who is the chairman of China's National Welfare Fund for Handicapped. Masuoka told Deng his ministry will give his request active consideration. [Text] [Tokyo KYODO in English 0323 GMT 16 Apr 85 OW]

ROK BOATS SEIZED--Yonago, Tottori Pref, 16 April KYODO--Two Korean fishing boats have been seized for illegal fishing in Japan's territorial waters in the Japan Sea, some 12.8 kilometers from Yatsuka, Shimane Prefecture, the Maritime Safety Agency said Tuesday. The two Korean boats, the Usang and the Myonghae, were taken to Sakai Port in Tottori Prefecture. They had a total of 20 crewmen. The boats were found fishing for sea eels by two Japanese patrol boats, the agency said. Incident brings the number of Korean boats caught illegally fishing in the area to eight so far this year, the agency added. [Text] [Tokyo KYODO in English 0534 GMT 16 Apr 85 OW]

NAKASONE MEETS PRC'S DENG--Tokyo, 18 April KYODO--Deng Pufang, son of Chinese senior leader Deng Xiaoping and president of the China Welfare Fund for the handicapped, Thursday met Prime Minister Yasuhiro Nakasone at his official residence here. Deng said Nakasone's China visit last year helped Japan-China relations and he conveyed his father's regards to Nakasone. Nakasone thanked Deng for his father's kindness during his China visit and wished his father long life and good health. Deng is in Japan to inspect facilities for the physically handicapped. [Text] [Tokyo KYODO in English 0911 GMT 18 Apr 85 OW]

SUDAN GOVERNMENT RECOGNITION ANNOUNCED--Tokyo, 19 April KYODO--The government Friday decided to recognize the new Sudanese Government. Japan will pledge to maintain friendly relations with the new Sudanese Government in a forthcoming note, Foreign Minister Shintaro Abe told a cabinet session Friday. A Foreign Ministry official said the Japanese embassy in Khartoum will convey the note to the Sudanese Foreign Ministry in a few days. Former President Ja'far Numayri's Government was toppled by a coup on 6 April and General 'Abd al-Rahman Siwar al-Dhahab became the country's new leader. [Text] [Tokyo KYODO in English 0003 GMT 19 Apr 85 OW]

NAKASONE PLANS EUROPEAN TOUR--Tokyo, 20 April KYODO--Prime Minister Yasuhiro Nakasone plans to visit France, Italy, the Vatican, Belgium and the European Communities (EC) headquarters in Brussels in a 10-day European tour beginning around 10 July, government sources said Saturday. His first trip to Europe as prime minister will be made early next month when attends the Bonn summit of major Western industrialized countries. Nakasone has twice previously planned to visit Europe but had to cancel the trips because of his tight schedule in the Diet. Nakasone has visited the United States three times in the past 3 years for talks with President Ronald Reagan. Trade will be a primary topic of discussion between Nakasone and leaders of the European countries, which are suffering a huge trade deficit with Japan, the sources said. They said Nakasone is expected to give detailed explanations to the European leaders about Japan's market-opening measures and its action program aimed at giving greater access to Japanese markets for foreign competition. [Text] [Tokyo KYODO in English 0713 GMT 20 Apr 85 OW]

BELGIAN PRINCE ARRIVES--Tokyo, 21 April KYODO--Prince Albert of Belgium arrived in Japan Sunday for an 8-day visit to attend the Tsukuba Science Exposition. The prince, a younger brother of King Baudouin, is being accompanied by Belgian Deputy Premier Jean Gol. The prince will visit the expo for the Belgian National Day event there Tuesday. Prince Albert will meet Emperor Hirohito, Crown Prince Akihito and Princess Michiko. He will also meet Prime Minister Yasuhiro Nakasone and State Minister Toshio Komoto to discuss economic affairs and other topics before leaving Japan next Sunday. [Text] [Tokyo KYODO in English 0635 GMT 21 Apr 85 OW]

ROK BOATS SEIZED--Nagasaki, 22 April KYODO--Two South Korean fishing boats were seized by Japanese authorities Monday for allegedly violating Japan's economic waters. Maritime safety officials said the vessels--Haengbok-ho and Yongmyong-ho--were seized off Tsushima Island, Nagasaki Prefecture. The skippers were arrested on charges of violating a bilateral fisheries agreement, they said. [Text] [Tokyo KYODO in English 1147 GMT 22 Apr 85 OW]

ABE VISIT PLANNED--Tokyo, 23 April KYODO--Foreign Minister Shintaro Abe will visit Finland and Norway 28 April-1 May, following the seven-nation summit in Bonn, go to Austria 5-6 May, the Japanese Government announced Tuesday. Abe will confer with President Mauno Koivisto and Foreign Minister Paavo Vayrynen of Finland, Premier Kaare Willoch and Foreign Minister Sverre Strindberg of Norway. The government said the foreign minister will hold talks with Austrian Prime Minister Fred Sinowatz and Foreign Minister Leopold Gratz. A senior Foreign Ministry official said Abe's talks with these European leaders will focus on East-West relations, with special emphasis on ties to the Soviet Union. [Text] [Tokyo KYODO in English 0042 GMT 23 Apr 85 OW]

NAKASONE'S BONN ITINERARY--Tokyo, 23 April KYODO--Nakasone will be accompanied on the trip by Foreign Minister Shintaro Abe, Finance Minister Noboru Takeshita and Minister of International Trade and Industry Keiji Murata. Abe will visit Finland and Norway 28 April-1 May and go to Austria 5-6 May after the Bonn meeting. Takeshita will leave Tokyo Sunday and attend the annual meeting of the Asian Development Bank in Bangkok before joining Nakasone for the economic summit. After the meeting, he will visit Britain, returning home 6 May. Murata will leave Monday for Brussels, where he will discuss trade problems with European Community Commission officials, before proceeding to Bonn. He will return home 7 May. [Text] [Tokyo KYODO in English 1010 GMT 23 Apr 85 OW]

IRAN VISIT--Tokyo, 24 April KYODO--A senior Japanese Foreign Ministry official will visit Iran Friday to Sunday for talks on bilateral relations and other pressing issues, the ministry said Wednesday. Wasuke Miyake, director general of the ministry's Middle Eastern and African Affairs Bureau, will hold talks with Iranian Foreign Ministry officials on "important" matters, including the Iran-Iraq war. Foreign Ministry officials said Miyake will extend an official invitation to Assembly Speaker 'Ali Akbar Hashemi-Rafsanjani, the country's number two man, to visit Japan in early July. They said a recent trip to Tokyo by Iraqi Foreign Minister Tariq 'Aziz will also be discussed. [Text] [Tokyo KYODO in English 0842 GMT 24 Apr 85 OW]



ENGINEERS KIDNAPPED IN IRAQ--Tokyo, 25 April KYODO--Two Japanese were kidnapped by an antigovernment guerrilla group in Iraq and negotiations are underway to secure their release, the Foreign Ministry said Thursday. The ministry identified the two men as employees of NEC, a leading computer manufacturer, but would not release their names, saying delicate negotiations are underway. The kidnap took place on 7 April when the two men, along with a Jordanian technician, were reported missing in Northern Iraq. The Foreign Ministry said the two Japanese were in good health. According to new reports from Iraq, the two men were held by antigovernment guerrillas affiliated with PUK, a Kurd patriotic alliance. The two Japanese technicians were kidnapped reportedly in protest against Japan's deep involvement in Iraq's economic development. [Text] [Tokyo KYODO in English 0617 GMT 25 Apr 85 OW]

BONN SUMMIT--Tokyo, 26 April KYODO--Finance Minister Noboru Takeshita said Friday he did not think the seven-nation Bonn summit next week would press Japan for tax cuts or fiscal incentives aimed at stirring domestic demand. "Other summit countries may mention the need (for Japan) to expand domestic demand but they won't ask Japan to carry out tax cuts or take fiscal measures," he told reporters after a cabinet meeting. Takeshita was commenting on reports that Japan might be asked to consider such policy alternatives to help correct its huge trade surpluses. [Text] [Tokyo KYODO in English 0644 GMT 26 Apr 85 OW]

DIET SESSION EXTENDED--Tokyo, 26 April KYODO--The plenary session of the House of Representatives Friday decided to extend the current session of the Diet by 57 days until 25 June. The current session of the Diet (parliament) originally was due to end on 29 April. The 57-day extension, approved by a majority consisting solely of ruling liberal-democratic party representatives, is intended to pass through the Diet such key bills as one for across-the-board curtailment of state subsidies, and a mutual aid pension bill. Of the 84 bills and 12 treaties (for ratification) newly submitted to the current session of the Diet, which opened in December, 36 bills have been passed and 1 treaty ratified. The bill for across-the-board curtailment of state subsidies to local governments has already passed the lower house and is now before a special committee of the House of Councillors. This bill is expected to be passed by the upper house either in the middle of or in late May during the extended session. [Text] [Tokyo KYODO in English 0945 GMT 26 Apr 85]

USSR'S DEMICHEV TO VISIT--Moscow, 26 April KYODO--Soviet Culture Minister Petr Demichev said Friday he will visit Japan in August to open bilateral negotiations for a culture agreement. The two countries agreed to promote talks on culture and tax agreements when Japanese Prime Minister Yasuhiro Nakasone met Soviet leader Mikhail Gorbachev in Moscow in March at the funeral of his predecessor Konstantin Chernenko. The negotiations may open the way for a visit to Tokyo by Soviet Foreign Minister Andrey Gromyko this year if they produce positive results, Japanese sources here said. For years, the Japanese Government has been inviting Gromyko to Tokyo to discuss bilateral problems, including Japan's demand for the return of four Soviet occupied islands off the Japanese major northern island of Hokkaido. Demichev expressed his intention to visit Tokyo in a meeting with Hokkaido Governor Takahiro Yokomichi, now in Moscow at the invitation of the Russian Soviet Federative Socialist Republic. [Text] [Tokyo KYODO in English 0003 GMT 27 Apr 85 OW]

NORTH KOREAN VISIT--Yokohama, 27 April (KYODO)--A group of Liberal-Democratic Party Assemblymen from Kanagawa Prefecture leave Monday for North Korea for a 10-day visit, the first official visit to the communist country at prefectural assembly level. The eight-member group, all members of the Supra-Partisan Japan-(North) Korea Assemblymen's League, have been invited for the tour as virtual "state guests," a group member said. It is not clear why only LDP assemblymen have been invited for the trip, but Naomichi Iwamoto, leader of the group, said it is apparently because of his father's connection with North Korea. Iwamoto's late father, Nobuyuki, a former House of Representatives deputy speaker, is known to have helped the repatriation of North Koreans in the postwar years. The father was also invited to North Korea by the North Korean Government in 1960. Iwamoto's group is expected to meet Japanese wives of North Korean nationals and visit the 38th parallel demilitarized zone during their stay in North Korea. [Text] [Tokyo KYODO in English 0829 GMT 28 Apr 85 OW]

EUROPEAN TOUR, BONN SUMMIT--Tokyo, 28 April KYODO--Foreign Minister Shintaro Abe left for Helsinki by air Sunday morning to visit Finland, Norway and Austria and attend the Bonn Summit of seven major industrial democracies. In the three-nation tour, Abe will exchange views with leaders of the countries chiefly on security, policy toward the Soviet Union and bilateral economic problems. Abe will arrive in Helsinki Sunday afternoon (local time) and attend a dinner party to be hosted by Finnish Foreign Minister Paavo Vayrynen. Abe will hold talks with Vayrynen Monday and meet President Mauno Koivisto during his stay in the country. [Text] [Tokyo KYODO in English 0555 GMT 28 Apr 85 OW]

NAKASONE TO BONN SUMMIT--Tokyo, 23 April KYODO--Japanese Prime Minister Yasuhiro Nakasone leaves Monday for an official visit to West Germany and to attend the annual seven-nation economic summit in Bonn, the government announced Tuesday. It said Nakasone would hold two rounds of talks with West German Chancellor Helmut Kohl before attending the Bonn Summit with Kohl and leaders of the United States, Canada, Britain, France, Italy and the European Community 2-4 May. The premier will fly to West Berlin 5 May to look at the Berlin Wall and then proceed to Dusseldorf for talks with Japanese businessmen stationed there. Nakasone will return home 7 May. [Text] [Tokyo KYODO in English 0548 GMT 23 Apr 85 OW]

COLLEGE PRESIDENTS MEET--Beijing, 30 April KYODO--Presidents of Japanese and Chinese colleges opened a conference here Tuesday to discuss college education, the responsibility of universities in society and cooperation between colleges of the two countries. A total of 23 college presidents, 11 from Japan and 12 from China, participated in the first ever meeting of its kind. At the opening ceremony, the participants, including Chinese Education Minister He Dongchang; president of Beijing University, Ding Shisun; and president of Keio University of Japan, Tadao Ishikawa voiced the hope the conference will be helpful in promoting academic exchange and cooperation between the two countries. The Japanese college presidents, from six national and five private universities, will visit Beijing University and Qinghua University here in the Chinese capital after the conference. They are also likely to have a talk with top-level Chinese Government officials. [Text] [Tokyo KYODO in English 1104 GMT 30 Apr 85 OW]

ILLEGAL FISHING ARREST--Nagasaki, 1 May KYODO--A maritime patrol boat arrested the skipper of a 14-ton South Korean fishing boat Wednesday on charges of illegal fishing in Japan's territorial waters off Nagasaki Prefecture. Officials identified the skipper as Han Min-kun, 32, of the South Korean fishing boat Ki Yong-ho. Patrolmen also confiscated about 12 kilograms of the haul of fish aboard the boat. Han was the 24th South Korean fisherman to be arrested by the Seventh Regional Maritime Safety Headquarters based in Kitakyushu.  
[Text] [Tokyo KYODO in English 1244 GMT 1 May 85 OW]

CSO: 4100/408

24 May 1985

## MILITARY

## OFFICIALS PREVIEW BONN SUMMIT STATEMENT

OW21145 Tokyo KYODO in English 0941 GMT 26 Apr 85

[Text] Tokyo, 26 April (KYODO)--A political statement to be issued after the Bonn summit will not mention the U.S. idea of space-based antimissile defense, popularly known as the star wars program, Japanese officials said Friday.

The participant countries have already broadly agreed on the contents of the statement, the officials said.

The strategic defense initiative (SDI) proposed by U.S. President Ronald Reagan would not be included in the statement because there are still differences of opinion over the matter among the participants, they said.

The Bonn meeting, to be held 2-4 May, will bring together the leaders of the United States, Japan, West Germany, France, Britain, Italy, Canada and the European community (EC).

The political declaration would also avoid direct mention of the prospect of a summit between President Reagan and the Soviet new leader Mikhail Gorbachev in consideration of its possible adverse effect on the ongoing Geneva Talks on arms reduction, according to the officials.

The leaders will, instead, reflect on the ravages suffered from World War II in their joint statement, as this year marks the 40th anniversary of the allies' victory in the war.

The reflection on the bitter past is being incorporated in the document at the strong request of the host country, West Germany, the officials said.

The statement will also boast the unity of the free world nations, reaffirming peace, freedom and democracy as supreme values, the officials said.

The document is expected to express welcome for the resumption of U.S.-Soviet disarmament talks, while urging further promotion of the dialogue between East and West.

High on the agenda for political discussions at the summit will be East-West relations, terrorism and regional issues including the Iran-Iraq war, and the situation in Korea and Indochina as well as Africa, the officials said.

MILITARY

ABE HEARS VAYRYNEN'S OBJECTION TO SDI PROGRAM

OW290623 Tokyo KYODO in English 0609 GMT 29 Apr 85

[Text] Helsinki, 29 April KYODO--Finnish Foreign Minister Paavo Vayrynen met his Japanese counterpart Shintaro Abe Sunday and, in an obvious objection to U.S. President Ronald Reagan's controversial "star wars" program, said the U.S.-Soviet arms race should not be expanded into space.

Finland hopes the U.S.-Soviet arms talks now underway in Geneva will produce results and that the two countries should not expand their arms race into space, Vayrynen told a dinner he hosted in honor of Abe, the first Japanese foreign minister to visit the North European country.

The remark echoed warnings by Soviet leaders against the American antimissile defense system, officially called the Strategic Defense Initiative (SDI).

Abe arrived here Sunday on the first leg of his three-nation tour which will later take him to Norway and Austria before and after the Bonn summit of seven major Western nations, beginning Thursday.

In a speech at the dinner, Abe praised Finland for its "positive" role in easing tensions between the U.S. and Soviet blocs.

Abe also expressed hope that relations between Tokyo and Helsinki will be promoted on the principles of freedom, democracy and free trade.

While Japan is a close U.S. ally with their ties bound by the mutual security treaty, Finland and the Soviet Union are linked by a friendship and cooperation treaty.

Tokyo-Helsinki relations became a bit estranged in 1983 when Prime Minister Yasuhiro Nakasone described Finland as a country "asking favors" from Moscow.

The remark triggered Finnish protest and prompted the Tokyo Government to send an emissary to Helsinki to settle the diplomatic squabble.

CSO: 4100/406

MILITARY

GREEN BERETS CONDUCT PARACHUTE DRILL IN YOMITAN

OW281134 Naha OKINAWA TIMES in Japanese 27 Apr 85 Morning Edition p 2

[Text] The Okinawa-based U.S. Army First Special Operations Unit (Green Berets) carried out jump training yesterday at the Yomitan U.S. Army auxiliary airstrip in Yomitan Village. Since the Green Berets are a "Corps of Darkness" which has been carrying out clandestine activities since its deployment to Okinawa in March 1984, it can be said that the parachute training allowed the people of Okinawa Prefecture a glimpse of their "unmasked faces."

However, the Green Berets' use of the Yomitan auxiliary airstrip has become a new source of apprehension for the local villagers who demand the facility's return.

At a February 1981 meeting of the Japan-U.S. Joint Committee, it was basically agreed that the facility in question "would not be relocated (returned) but only its parachute-drop training function would be relocated." In a survey conducted by the Naha Defense Facilities Administration Bureau in 1983, two areas in the Kadena ammunition depot and another at the Ie Shima auxiliary airstrip were singled out for possible relocation, and their relocation has been under study. However, due to opposition by local inhabitants and other reasons, the work has not yet taken a concrete shape.

The Yomitan airstrip was requisitioned by the former Imperial Japanese Army during World War II and turned into state-owned land. Former landlords numbering 664 are currently pursuing the restoration of their ownership. Hence, intensified U.S. military drills there might affect the landlords' negotiations for the return of the facility; and, as long as its relocation site remains undecided, even the relocation of its function will be in doubt.

The Green Berets conducted their training for the first time at the facility in question primarily because it is near the Torii Communications Station where they are stationed. In this sense, it is highly likely that military exercises will be escalated with the latest training as a start.

The Green Berets' participation in the parachute drills at the facility, which to date have been conducted mostly by Marine reconnaissance and landing support units, resulted in increasing the villagers' anxieties about military drills. The villagers say, "No one knows what will fall from the sky now."

MILITARY

REFORM COMMITTEE URGES REVIEW OF SECURITY SYSTEM

OW280949 Tokyo KYODO in English 0937 GMT 28 Apr 85

[Text] Tokyo, 28 April KYODO--An ad hoc committee on administrative reform has called for a review of Japan's overall security system for the government to cope promptly and effectively in case of national emergency.

In its draft on national security, the committee stressed the need for strengthening the prime minister's authority to coordinate administrative actions against hijacking, terrorism, big earthquakes, oil crises and other matters of great threat to national security.

The National Defense Council and the Cabinet Secretariat, established about 30 years ago, are no longer functioning properly as supplementary systems to prime minister, according to the draft.

To this end, the draft proposes that a new council on national security chaired by prime minister be created to replace the Defense Council.

Prime minister should in principle ask the new council for proposals before he makes decisions.

The committee is expected to present its official recommendations to Prime Minister Yasuhiro Nakasone in July.

The committee said in the draft that international relations and domestic administration have become closely interrelated with increasing number of emergencies such as the shooting down of a South Korean airliner by the Soviets in 1983.

The draft also proposed the restructuring of the cabinet secretariat, the study for possession of a reconnaissance satellite and the rebuilding of the prime minister's official residence.

The Foreign Ministry, the Defense Agency and the Public Security Investigation Agency should form a council led by deputy chief cabinet secretary to beef up Japan's information gathering operations.

MILITARY

JAPAN TO INTRODUCE NEW MISSILE DESTROYERS

OW132232 Beijing XINHUA in English 1925 GMT 13 Apr 85

[Text] Tokyo, 13 April (XINHUA)--The Defense Agency of Japan plans to introduce two up-to-the-minute destroyers equipped with advanced missiles, said Koichi Kato, director-general of the Defense Agency, yesterday, according to government sources.

Briefing Prime Minister Yasuhiro Nakasone on the 5-year defense buildup program beginning fiscal 1986, the director-general said that the new program, officially called the mid-term defense program estimate, is aimed mainly at beefing up Japan's capacity to repulse aggression by sea or air, increase the nation's ability to sustain war and build up war materials in the rear. The United States has time and again demanded Japan to strengthen its "sea-lane defense" ability and the ability to sustain war.

Modelled after the U.S. aegis-type guided missile cruisers, the two destroyers, each weighing 6,000 deadweight tons, will reportedly be the largest of their kind in Japan. They are equipped with totally computerized system capable of detecting targets, selecting appropriate weapons and launching missiles.

Meanwhile, it is reported that Japan's defense budget for 1985 has been increased to 3,137 billion yen (about 12.4 billion U.S. dollars), over last year's figure of 2,934 billion yen (about 1.16 billion U.S. dollars). This year's figure accounts for 0.997 percent of the gross national product.

According to defense agency sources, it plans to request that the Diet abolish the resolution adopted in 1976 stipulating that under no conditions could Japan's defense budget surpass 1 percent of its gross national product.

CSO: 4100/406



MILITARY

WASHINGTON ENVOY MEETS U.S. DEFENSE SECRETARY

OW160401 Tokyo KYODO in English 0347 GMT 16 Apr 85

[Text] Washington, 15 April KYODO--U.S. Defense Secretary Caspar Weinberger Monday asked Japan to make its defense efforts more "visible" in view of the anti-Japanese sentiments currently being expressed in the U.S. Congress.

Weinberger made the remarks when he met Japanese Ambassador to Washington Nobuo Matsunaga to exchange views on Japan-U.S. relations in general.

Weinberger did not specify what he means by "visible" efforts.

Since he made the remark after Matsunaga referred to sentiments in the U.S. Congress over Japan-U.S. trade friction, Weinberger was thought to be intending it as a request to Japan.

Referring to possible participation by allies in the research on the U.S. Strategic Defense Initiative (SDI) or so-called star wars plan, Weinberger said that if Japan wishes to participate it should say so as soon as possible.

Weinberger said the deadline set by the United States for its allies to answer within 60 days was not an ultimatum but an attempt to seek early responses from them.

Matsunaga also later met Treasury Secretary James Baker to exchange views on Japan-U.S. relations.

Discussing the meeting last Saturday between secretary of State George Shultz and Japanese Foreign Minister Shintaro Abe on Japan-U.S. trade friction, Baker said it had deepened mutual understanding but it was still difficult to win the understanding of congress.

CSO: 4100/406

MILITARY

U.S. OFFICIAL DISCREDITS SHIP VISIT CLAIM

OW160245 Tokyo KYODO in English 0234 GMT 16 Apr 85

[Text] Washington, 15 April (KYODO)---The United States has a basic policy of neither confirming nor denying whether particular warships are armed with nuclear weapons and there exist no American warships to which this policy is not applied, a U.S. spokesman said Monday.

Bernard Kalb, spokesman for the U.S. State Department, repeated the U.S. position at a press conference in reply to a question on a planned China visit by a U.S. warship.

Kalb's statement, however, could be taken as casting doubt on the Japanese government's basic position that prior consultations between the two countries would precede port calls to Japan by nuclear weapons-carrying U.S. warships.

Kalb said the United States cannot disclose, either officially or secretly, whether a ship is armed with nuclear weapons or not.

The United States says it will not reveal the existence of nuclear arms on warships even to the governments of foreign countries to which such ships make port calls, Kalb stressed.

An authoritative source in the U.S. State Department passed KYODO news service a statement regarding Kalb's remarks, which said that the U.S. Government is well aware of the special feeling of the Japanese toward nuclear weapons, and that the U.S. Government respects the Japan-U.S. security pact and related agreements.

But when asked whether the U.S. will consult Tokyo prior to a visit by a nuclear-armed U.S. warship, the source would only repeat the statement.

CSO: 4100/406

MILITARY

# DFAB CHECKS 'FITNESS' OF CAMP HANSEN RANGES

OW200749 Naha RYUKYU SHIMPO in Japanese 20 Apr 85 Morning Edition p 2

[Text] The Naha Defense Facilities Administration Bureau [DFAB] (headed by Director Tadashi Kobodo) yesterday sent its officials to the Camp Hansen training area, where a stray rifle bullet incident recently occurred in Kin Township, to check if the ranges there are fit or not. the DFAB officials, led by Deputy Bureau Director Ikuo Minamino, conducted the check jointly with the U.S. Forces.

The check was conducted not only on the transition range, which is believed to be the source of the stray bullet incident, but also on all ranges in the training area including ranges four and two. It is unusual for the DFAB to send its leading officials for a recheck of the training area. Depending on the result of the checkup, the "fitness" of the training area, from where live ammunition reaches civiliam districts, may again become an issue.

Meeting with representatives of the [Okinawan] Socialist Masses Party, who called on him yesterday to protest the stray bullet incident, Naha DFAB Director Kobodo said: "Our bureau takes a serious view of the incident. To prevent the recurrence of the incident, we are rechecking all the ranges."

The distance from the transition range to Igei District in Kin Town is approximately 1,600 meters, well within the 2,653-meter maximum range of the M-16 rifle. Range four of the training area, located closest to Igei District, is no more than 700-800 meters away.

The water tank hit by the stray bullet in question is as much as 90 degrees off the angle of fire from the training area. Puzzled by why it was so much off, DFAB wants to make a serious judgment as to the fitness of the training area through the checkup.

Unless some measure is taken to prevent the recurrence of the incident on the basis of the checkup, the local inhabitants will certainly step up their protest. The people of Igei District are demanding the total removal of Camp Hansen base.

The U.S. Marine Corps is independently investigating the cause of the incident; however, no conclusion has yet been drawn. The caliber of an M-16 bullet is 5.56 mm. However, according to the judgment by the prefectural police, there is a slight difference in that the caliber of the stray bullet in question is 5.85 mm. Hence, the U.S. Marine Corps authorities have requested that the prefectural police provide them with the stray bullet.

MILITARY

BRIEFS

U.S. NUCLEAR SUB CANCELS VISIT--Tokyo, 18 April KYODO--The United States has called off a visit to the Yokosuka Naval Base by the nuclear-powered submarine New York City originally scheduled for Thursday afternoon, the Foreign Ministry said. The ministry was quoting a notification from the U.S. Embassy, but it did not give reasons for the cancellation. This would have been a repeat call for the vessel, following a visit from last Friday through Tuesday.  
[Text] [Tokyo KYODO in English 0230 GMT 18 Apr 85 OW]

CSO: 4100/406

ECONOMICS

NAKASONE FACES TOUGH TALKS AT BONN SUMMIT

OW260501 Tokyo KYODO in English 0442 GMT 26 Apr 85

[Article by Shiro Yoneyama]

[Text] Tokyo, April 26 (KYODO)--"Japan bashing" is not confined to only a frustrated U.S. Congress. Prime Minister Yasuhiro Nakasone will be reminded of this when he meets separately with leaders of West Germany, the United States, France, Italy, Britain, the European Community and possibly Canada in Bonn where they gather for an annual summit May 2-4.

Despite a "first-name" basis personal relationship he has forged with President Ronald Reagan, "Yasu" is likely to find "Ron" in a more serious mood than in January when they last met in Los Angeles for trade and political talks.

A foreign ministry official dealing with American affairs says Nakasone's meeting with Reagan in Bonn May 2 is "a culmination of a series of processes" the two countries have followed since January to correct the trade imbalance and defuse protectionist sentiment in Congress.

The two leaders will review progress in Japan-U.S. sectoral talks aimed at giving American concerns greater access to the Japanese markets in telecommunications, electronics, forest products and drugs and medical equipment, the official said.

When Foreign Minister Shintaro Abe met Secretary of State George Shultz in Washington April 13, a senior foreign ministry official said, Shultz confided that for the first time in his life he was "frightened" by escalating calls for protectionism on Capital Hill.

The unnamed senior official, who was once posted in the United States, in a rare moment of exasperation compared the latest "Japan bashing" episode to the McCarthyism which was rife in the mid-1950's because of its intensity and ferocity.

Another Japanese trade negotiator suspects there are certain racial overtones in some U.S. lawmakers' calls for retaliatory measures against Tokyo's reluctance to pry open the Japanese market further and whittle down an

annual trade imbalance calculated by Japan to be 33 billion dollars. Washington puts it at 37 billion dollars.

"But a good thing about the United States is that rational voices eventually prevail," as in the case of McCarthyism, he added.

The Reagan Administration also plans to ask Japan to stimulate domestic demand while the Nakasone Cabinet will re-emphasize the need for America to take steps to bring the dollar to a more acceptable level in relation to the yen and other major currencies by trimming its awesome budget deficit and bringing down high interest rates.

Politically, Japanese officials predict that Nakasone and Reagan will reaffirm close consultations among Western allies over defense issues such as the Strategic Defense Initiative (SDI) and U.S.-Soviet arms control talks.

The premier also expects Reagan to brief him on South Korean President Chon Tu-Huan's trip to Washington, the official said.

Before his meeting with Reagan, Nakasone is to hold two rounds of talks with West German Chancellor Helmut Kohl April 30 and May 1 as part of an official visit to West Germany. They will discuss a wide range of issues, from the seven-nation summit and the SDI to trade and the environment.

Japan's trade relations with West Germany are relatively sound but those with France, Italy and Britain are not.

French President Francois Mitterrand, Italian Premier Bettino Craxi and Jacques Delors, President of the European Community Commission, will confront Nakasone May 2 with demands to buy more manufactured goods from their countries and other EC member countries.

Nakasone's possible reply to the three leaders: wait until July when a market-opening "action program" is ready and he returns to Europe to visit France, Italy, the Vatican, Belgium and the EC headquarters in Brussels.

Japan chalked up a surplus of over 10 billion dollars in trade with the 10-member EC last year.

British Prime Minister Margaret Thatcher is determined to make similar requests to the Japanese leader in their May 4 meeting.

"Keeping in close contact with Britain is a big plus for Japan" and its European strategy, observes a Japanese foreign ministry official responsible for European affairs. The two prime ministers are expected to agree on promotion of industrial cooperation between the two countries.

Nakasone will also meet Canadian Prime Minister Brian Mulroney, their second meeting in about two months, but a date has not yet been fixed.

CSO: 4100/404

ECONOMICS

MORE IMPORTS THAN EXPORTS IN FISCAL 1984

OW260731 Tokyo KYODO in English 0622 GMT 26 Apr 85

[Text] Tokyo, 26 April KYODO--Japan imported more products than it exported in fiscal 1984, according to export and import contracts by the nation's 13 largest traders.

The Japan Foreign Trade Council said Friday export contracts in the year, ended 31 March, totaled 17.08 trillion yen, up 3.0 percent over a year earlier, the third highest on record following 18.44 trillion yen in fiscal 1981 and 17.78 trillion yen in fiscal 1982.

Import contracts increased 2.8 percent to a record 21.1 trillion yen, renewing a previous high for the third straight year.

Automobile and chemical exports rose 12.5 percent and 19.3 percent, respectively, over a year earlier to a record high of 3.46 trillion yen and 1.08 trillion yen. But ships dropped 20.3 percent to 1.19 trillion yen.

Council officials said a sharp drop in ship export orders was due to backlash of booming contracts the previous year.

The officials attributed a 19.3 percent jump in plant export contracts to 3.09 trillion yen to extremely low plant exports in fiscal 1983.

By country, exports to the United States and the communist bloc, notably China, showed a sharp gain.

Imports of machinery and nonferrous metals jumped a record 63.0 percent and 14.8 percent, respectively, contributing greatly to the overall imports, they said.

The council reported both export and import contracts in March showed double-digit increases over a year ago.

Export contracts rose 15.1 percent to 3.06 trillion yen, while imports gained 10.6 percent to 2.58 trillion yen.

Exports of ships and general machinery last month jumped 134.8 percent and 20.7 percent, respectively, accounting for most of the exports for the month.

But plant exports dropped 5.3 percent from the same month of the preceding year.

Exports to the United States, Europe and communist countries soared to record highs, respectively.

The 21.1 percent jump in import contracts of nonferrous metals was the most noticeable contributing factor to the march imports, they said. Imports of fuels and chemicals also rose significantly.

By area, imports from the Middle East, Oceania and Communist Bloc jumped, while those from the United States and Europe dropped from a year earlier.

CSO: 4100/435



ECONOMICS

JAPAN'S PLANT EXPORTS IN FISCAL 1984 'LOWEST'

OW151045 Tokyo KYODO in English 1013 GMT 15 Apr 85

[Text] Tokyo, 15 April KYODO--Japan's plant exports in fiscal 1984 dropped to their lowest since such statistics first started to be taken in fiscal 1981, the Ministry of International Trade and Industry (MITI) reported Monday.

According to the report, Japan exported \$4.53 billion worth of plant in the year which ended last March, down 20.9 percent from a year earlier.

The ratio of plant exports to overall exports thus dropped to 2.8 percent at the end of fiscal 1984 from 5.9 percent in fiscal 1981, the MITI said.

MITI officials ascribed the drop to a slowdown in the pace of industrialization on the part of oil producing countries, increased instability in non-oil producing developing countries beset with huge foreign debts and the strength of the yen against currencies other than the U.S. dollar.

Besides, the fact that European countries such as France and Italy are exporting plant on favorable terms based on mixed credits is eroding Japan's share of plant exports on the international market.

This practice, which conceals commercial transactions as aid by including a small grant element in deals, came under scrutiny at the recent ministerial meeting of the Organization for Economic Cooperation and Development (OECD). It was decided to raise the mandatory grant element in official aid to developing countries from 20 to 25 percent, thus clarifying the distinction between government aid and commercial trade.

CSO: 4105/418

ECONOMICS

RECORD CURRENT ACCOUNT SURPLUS POSTED FOR FY-84

OW300925 Tokyo KYODO in English 0839 GMT 30 Apr 85

[Text] Tokyo, April 30 (KYODO)--Japan posted a record current account surplus of 36.99 billion dollars in fiscal 1984 ended March 31, up sharply from the previous peak of 24.23 billion dollars a year earlier, the finance ministry said Tuesday.

The payments surplus resulted in large part from a record 45.62-billion dollar trade surplus against a 34.55-billion dollar trade surplus in fiscal 1984, the ministry said in a preliminary report.

Exports in fiscal 1984 rose 11.3 percent from a year ago to a record 167.79 billion dollars, topping the previous high of 150.74 billion dollars in fiscal 1983. Imports rose 5.1 percent to 122.17 billion dollars.

Ministry officials said a trade surplus of 33.83 billion dollars with the United States, announced previously, was largely responsible for the overall payments surplus. The ministry said the fiscal 1984 payments resulted in the huge surplus even though nearly all categories of money flow were in deficit.

Only the errors and omissions account was in the black, by 5.49 billion dollars against a 318 million dollar surplus in fiscal 1983.

The long-term capital flows deficit widened to 54.44 billion dollars in fiscal 1984 from 20.8 billion dollars a year earlier. The short-term capital flows deficit was 2.59 billion dollars, increasing from 1.34 billion dollars in fiscal 1983.

Invisible trade and transfer payments were in deficit by 8.63 billion dollars, down from a 10.31-billion dollar deficit.

The basic balance was in deficit by 17.45 billion dollars, swinging from a surplus of 3.44 billion dollars a year earlier.

The overall balance of payments turned to a 14.54-billion dollar deficit from a 2.41-billion dollar surplus in fiscal 1983.

The ministry said Japan's current account surplus also widened to 3.46 billion dollars in March from 3.37 billion dollars a year earlier and 2.54 billion dollars in February.

The trade surplus fell to 4.18 billion dollars in March from 4.23 billion dollars a year earlier against 3.32 billion dollars in February.

March exports fell to 14.39 billion dollars from 15.42 billion dollars in March 1984 against 12.74 billion dollars in February.

Ministry officials attributed the year-to-year export fall to a decline in shipments to the United States.

Imports also fell to 10.21 billion dollars from 11.19 billion dollars a year earlier against 9.42 billion dollars in February.

CSO: 4100/404

ECONOMICS

FINANCE MINISTRY RELAXES FOREIGN BOND ISSUE

OW261135 Tokyo KYODO in English 0952 GMT 26 Apr 85

[Text] Tokyo, 26 April KYODO--Breaking a 10-year-old policy, the Finance Ministry decided to allow a Swiss affiliate of Sumitomo Bank to lead manage a bond offering by a Japanese textile trading firm in Switzerland, ministry officials said Friday.

The decision means a relaxation of the ministry's long-established policy of not permitting an overseas subsidiary of a Japanese bank to lead manage bond flotation in overseas markets by a Japanese corporation.

With the ministry's decision, the officials said, Banca del Gottardo, Sumitomo's Swiss affiliate, is now allowed to lead manage a 50 million Swiss franc bond issue by Itoman and Co scheduled for May in Switzerland.

The ministry reached the decision because it does not consider Banca del Gottardo a "complete subsidiary" of Sumitomo, the officials said.

In explaining their reasoning, they pointed out that Sumitomo has only a 52 percent equity stake in the Swiss affiliate and that the chairman and president of Gottardo remained unchanged even after the affiliate came under the wing of Sumitomo.

Thus, the decision does not infringe on the agreement reached 10 years ago between the ministry's three bureaus--banking, securities and international finance--the officials said.

But the flexible implementation of the agreement is an apparent break with the traditional interpretation, and raises the possibility that the three-bureau agreement may gradually crumble in the years ahead.

The securities industry was quick to oppose the ministry's decision. In a statement issued by Shogo Watanabe, president of the securities dealers association of Japan, it said the securities industry basically remains opposed to a foreign affiliate of the Japanese bank taking the role of a lead manager.

In the case of Banca del Gottardo, the statement said, it should be seen as an exceptional case. The statement also called for continuation of the three-bureau agreement unchanged.

ECONOMICS

NAKASONE, ALASKA GOVERNOR DISCUSS OIL TRADE

OW300830 Tokyo KYODO in English 0732 GMT 30 Apr 85

[Text] Anchorage, April 29 (KYODO)--President Ronald Reagan will authorize exports of 4,000 to 6,000 barrels of oil per day from Alaska's Cook Inlet, Alaska Governor Bill Sheffield predicted today.

In a 20-minute meeting here with Japanese Prime Minister Yasuhiro Nakasone, Sheffield expressed the hope that the President's expected decision will help pave the way for exports to Japan of north slope oil.

Nakasone told the Alaska governor the projected shipment of Cook Inlet oil to Japan would have a psychologically favorable effect on Japan-U.S. economic relations and help ease trade friction between the two countries, a Japanese spokesman said.

The spokesman said Sheffield requested Nakasone to also import Alaskan coal, which he said is of high quality.

The governor welcomed a recent agreement between a U.S. oil firm and a Japanese bank of a pre-feasibility study on possible exports to Japan of north slope natural gas and an increase in exports to Japan of fish paste (surimi).

Nakasone met with Sheffield at Anchorage International Airport during a stopover en route to West Germany, where he is to hold talks with Chancellor Helmut Kohl and attend an annual seven-nation economic summit.

Despite a global oil glut and slackening demand in Japan for crude oil, Japan has expressed interest in purchasing oil and natural gas from Alaska as a way to defuse trade tension with the United States. America so far has banned exports of Alaskan crude for strategic purposes.

CSO: 4100/404

ECONOMICS

JAPAN, UNITED STATES TO START ALASKAN LNG PROJECT SURVEY

OW131409 Tokyo KYODO in English 1318 GMT 30 Apr 85

[Text] Sohei Nakayama, chairman of the committee for energy policy promotion, said Tuesday that agreement had been reached on a joint Japan-U.S. project for a liquefied natural gas (lng) project in Alaska.

He told newsmen that an agreement confirming the start of a "pre-feasibility study" on the project was signed on April 26 by Nakayama and W. F. Kieschnick, president of Atlantic Richfield Co. of the United States.

Nakayama's committee represents Japanese participants in the project, which calls for natural gas produced in North Slope, Alaska, to be carried to the Pacific coast by a 1,300-kilometer pipeline for liquefaction and export to Japan and other countries in East Asia.

Of the survey cost of 3.8 million dollars, the Japanese side will pay 1 million dollars.

As a result of the agreement, the Alaskan lng project, pending between the two countries since a summit conference between Prime Minister Nakasone and President Ronald Reagan in November 1983, has entered a new phase.

The total cost of the project is estimated at 4 trillion yen.

Industry sources, said, however, that Japanese power and gas firms, major lng users, are not enthusiastic about the project because of marked improvement in Japan's energy situation.

The sources, therefore, see little possibility that the forthcoming feasibility study will directly lead to the implementation of the project itself.

The survey will start around June, with a report to follow in a year and a half.

The Japanese participants in the survey are, besides Nakayama's committee, seven major trading houses, six banks and the institute of energy economics, which represents electric power and gas companies.

Atlantic Richfield is the sole participant on the United States' side.

CSO: 4100/404

ECONOMICS

JAPAN AIR LINES CONCERNED OVER PAN AM SELL-OFF

OW240559 Tokyo KYODO in English 0540 GMT 24 Apr 85

[Text] Japan Air Lines (JAL) expressed grave concerns Wednesday over Monday's announcement that Pan American World Airways' Pacific operations, are to be sold to United Airlines, the Western World's largest carrier.

A spokesman for Japan's national flag carrier said that if the plans, expected to take a year pending approval by the Reagan administration, were realized, they would deal a serious blow to JAL since JAL must compete with the tough U.S. competitor on the Pacific routes.

Under the 1982 Japan-U.S. provisional civil aviation agreement, United Airlines which has 50 networks throughout the United States, is currently allowed to operate seven weekly flights from Seattle/Portland to Tokyo.

Under the latest contract with Pan Am, United Airlines plans to take over Pan Am's 33 weekly flights into Japan from New York, San Francisco, Los Angeles and Honolulu.

The Japan Air Lines spokesman pointed out that this would enable United Airlines to fly into Japan from its United States networks with no stopovers.

Meanwhile, transport minister Tokuo Yamashita said that the Pan Am/United Airlines deal would not "directly affect" the Japan-U.S. aviation talks currently stalled over proposed flights to the United States by Nippon Cargo Airlines (NCA).

But transport ministry officials said both Japanese and United States aviation officials would take up such problems as transport capacity and airliners before revision of the current bilateral aviation agreement at their talks in September.

In this connection, they said that the coming talks would focus on how to handle United Airlines, currently classified as a "semi-designated firm."



NCA, established by all Nippon Airways (ANA), Japan's second largest airline, and six major Japanese shipping firms, filed a protest last week with the U.S. International Trade Commission urging quick approval for its flights to the United States.

NCA said the U.S. government was delaying permission for the company to begin air freight flights, violating the principle of the Japan-U.S. aviation agreement.

Arguing that NCA would occupy less than 10 percent of the U.S. market share, company officials said it is incurring a daily deficit of 135,000 dollars while awaiting approval of its flights, which were to have started on April 1.

CSO: 4100/404

ECONOMICS

AIR AGREEMENT WITH U.S. SHOULD DEREGULATE TRAFFIC

OW010809 Tokyo KYODO in English 0758 GMT 1 May 85

[Article by Sei Ogawa]

[Text] Tokyo, May 1 (KYODO)--The tentative settlement reached in air talks between Japan and the United States Tuesday is expected to lead to Japanese deregulation in air service and expanded opportunities for both Japanese and American airlines. But it will also intensify competition on the "profitable" transpacific and Japan-Micronesia routes.

Transportation Minister Tokuo Yamashita said at a press conference Tuesday that he is giving a "passing grade" on the settlement of the air talks, held against a backdrop of trade frictions between the two countries.

Yamashita said Japan will seek a "balanced expansion" of air service, paving the way for Japan's two domestic-only airlines to become international carriers.

Besides entry of Nippon Cargo Airlines (NCA) into foreign service to the United States, the two countries agreed to expand the number of airlines and air routes between Japan and the Micronesian islands of Guam and Saipan.

The agreement to allow two airlines of each nation on the Tokyo-Guam/Saipan and Osaka-Guam/Saipan routes among others meant giving Japan's All Nippon Airways (ANA) and Toa Domestic Airlines (TDA) a chance to snap the long monopoly of Japan Air Lines (JAL), Japan's only international passenger carrier.

Yamashita said, however, the agreement with the United States does not automatically mean the end of Japan's "air charter" defining the division of business among the Japanese carriers.

The Japanese airline industry has abided by the 1970 cabinet understanding and 1972 transport ministry notice to promote specialization of international and major domestic routes by JAL, major and local domestic routes by ANA and local routes by TDA.

Japan and the United States started air talks in December of 1983 to revise their 1952 air treaty by September of this year.

The two countries also agreed tentatively this time that if they failed to reach an overall agreement by September, each side will be able to inaugurate three new routes among such air routes as Nagoya-Honolulu, Tokyo-Honolulu, Tokyo-Los Angeles and Tokyo-any new point in the United States as of April next year.

The Japanese side had originally expected that the United States would agree to NCA's entry without any conditions because U.S. airlines are currently allowed to fly to Japan against only one Japanese carrier, JAL, allowed to fly to the United States.

NCA had applied to the United States in February last year and scheduled to begin service from April 1 on the Japan-U.S. air cargo service, doubling in volume over the past five years. But aviation circles expected the talks to meet tough going due to complicated interests among the private airlines and government circles in the United States.

The two countries, which started talks on NCA February 25 in Tokyo, reached basic agreement in Washington early last month but the U.S. side was reluctant to seek a final agreement in the midst of growing criticism of Japan's 37-billion dollar trade surplus with the United States in 1984.

The trade frictions somewhat calmed down toward the end of April after the U.S. concern shifted to budgetary questions, the Nicaraguan war and the Japanese Government announcement of a new market-opening package earlier last month.

CSO: 4100/404

ECONOMICS

UK TRADE SECRETARY SEEKS AIRCRAFT SALES

OW160859 Tokyo KYODO in English 0515 GMT 16 Apr 85

[Text] Tokyo, 16 April, KYODO--British trade and industry Secretary Norman Tebbit asked Japan here Tuesday to purchase military and civilian aircraft to help rectify the trade imbalance between the two countries, Japanese officials said.

Tebbit, who arrived in Tokyo Monday for a 5-day visit, made the request when he met Prime Minister Yasuhiro Nakasone at his official residence.

Nakasone told Tebbit he would ask the Defense Agency to study purchase of Tornado jet fighters, but that it was up to private interests to decide whether to buy the BAE-146 medium-sized airliner or the European-made airbus.

Japan had a \$2.4 billion trade surplus against Britain in 1984.

Tebbit also told Nakasone that British Prime Minister Margaret Thatcher commended Japan's market-opening package announced 9 April as a courageous move, the officials said.

He said the two countries should cooperate in stemming the tide of protectionist moves which threatened serious consequences for both Japan and Britain.

Tebbit stressed that the swelling Japanese trade surplus of Japan and U.S fiscal deficits should be checked properly in a way that would preserve the free trade system.

Touching on Japan's liberalization of financial and capital markets and internationalization of the yen, Tebbit asked Japan to go further in opening its monetary markets as Britain had done.

Nakasone told Tebbit that he was instructing his administration to take "stride by stride" measures not "step by step" ones in opening monetary markets.

The British secretary also reportedly told Nakasone that Britain would welcome further Japanese direct investment in the country.

CSO: 4105/416

ECONOMICS

GOVERNMENT LAUNCHES IMPORT BUYING CAMPAIGN

OW260509 Tokyo KYODO in English 0452 GMT 26 Apr 85

[Article by Sei Ogawa]

[Text] Tokyo, April 26 (KYODO)--Prime Minister Yasuhiro Nakasone's government has launched a campaign to increase imports of manufactured goods to calm down strong American pressure for reducing Japan's ballooning trade surplus with the United States.

Nakasone's campaign including a suggestion that each Japanese buy 100 dollars worth of imported goods is considered unique in traditionally export-oriented Japan.

But his campaign seems to involve more political root than economic reality as chances of largely reducing Japan's huge trade surplus, totaling 44 billion dollars in 1984, are slim.

The question is, there is no easy 100 dollars in the pocket of each Japanese and if one had the money, it is up to the individual to decide what to buy.

Receiving Nakasone's instructions, the Ministry of International Trade and Industry (MITI) has been trying hard to find effective ways to increase imports and reduce Japan's trade surplus with the United States.

MITI's industrial policy was to encourage export of manufacturing industries to earn foreign currencies to import raw materials, not manufactured goods.

MITI Monday invited top officials of 60 leading exporting manufacturers, retailers and trading houses to cooperate in the government campaign to boost purchases of foreign-manufactured products.

International Trade Administration bureau director general Shigeo Muraoka said after the meeting he was surprised to win unanimous support of the 60 firms for MITI's plan to increase imports.

MITI is now using its famous "administrative guidance" to require leading exporters to report their import plans and performance on a regular basis.

Sony Corporation Chairman Akio Morita, Nissan Motor Company President Takashi Ishihara and others urged MITI to take steps to improve import conditions, including extension of tax incentives for the purchase of foreign goods and tariff cuts for some machinery parts.

Mitsui and Company President Toshikuni Yahiro said it would be impossible to appreciably reduce the 37-billion dollar trade surplus against the United States in a short period but that a long-term plan should be drawn up to reduce the surplus on the order of 6-8 billion dollars.

MITI's industrial policy bureau has compiled a report saying if Japan's exports decrease of 10 billion dollars in fiscal 1985 started this month, the growth rate of Japan's gross national product (GNP) in real terms will fall by 1.1 percent from an official estimate of 4.6 percent made in January.

The report also said Japan's jobless will increase by 300,000 from the current 1.64 million and declining exports of Japan will only have an negative effect on its economy as well as the world economy.

Murata requested at Tuesday's Cabinet meeting that governmental ministries and agencies increase their procurement of foreign goods.

But he met proposals from his colleagues to simplify distribution systems within MITI's jurisdiction which they said are complicated and caused the prices of imported goods to rise. Economic Planning Agency director general Ippei Keneko agreed that imported goods are priced too high in Japan.

One high MITI official, who declined to be named, said he wanted a "kamikaze" (divine wind) to bring down the value of the dollar to reduce prices of American goods exported to Japan.

Nakasone has instructed his staff to draw up an "action program" before July to improve conditions for expanding imports after he announced a new market-opening package on April 9, fulfilling his promise made to U.S. President Ronald Reagan in their January meeting in Los Angeles.

Nakasone set an example last weekend by visiting a department store and buying an Italian-made necktie and jacket, a French sports shirt and a British darts game for his grandson.

His moves are apparently intended to show Americans that the Japanese Government is making utmost efforts to increase imports from the United States but he apparently forgot to buy any American goods there but only sampled a Californian wine.

One positive sign at MITI is that since earlier this week a banner is hanging there, saying, "Reach out to the Countries of the world through imports."

CSO: 4100/404

ECONOMICS

FISHERY AGENCY OFFICIAL FEAR SALMON HAUL LOSS

OW260445 Tokyo KYODO in English 0429 GMT 26 Apr 85

[Text] Tokyo, 26 April KYODO--The Japanese-Soviet fishery cooperation agreement reached Thursday will enable Japanese fishermen to operate in the open seas in the northwestern Pacific in May, the main fishing season, but Japanese Fishery Agency officials fear that the chance of hauling red salmon may be lost.

Red salmon favors low water temperatures and may soon move northward as a result of a rise in the water temperature in the area covered by the agreement, the officials said.

Given the time required for ratification of the agreement and for further negotiations to set catch quotas, it will be practically impossible for Japanese fishermen to leave for the fishing grounds on 1 May, they said.

This will deal a serious blow to drift-net fishing boats aiming for red salmon in the open sea, they added.

After 1 year of tenacious negotiations, the two countries reached broad agreement in Moscow Thursday on bilateral fishery cooperation.

According to the Japanese Fishery Agency, the agreement is subject to approval by both houses of the Japanese Diet (parliament) and by the Soviet Government and Communist Party.

Ratification by the Diet will take at least until next Tuesday and possibly until after the holiday-studded "golden week" that ends on 6 May, the officials said.

The Soviets are not expected to finish ratification procedures until shortly after 10 May due to the May Day celebrations and a ceremony marking the 40th anniversary of the end of World War II 8-10 May.

Hiroya Sano, director general of the Fishery Agency, said he is not optimistic about prospects for an early start of the actual negotiations on catch quotas, although he has instructed the Japanese delegation in Moscow to make an all-out effort to start the talks even before the formal signing of the agreement in view of the problem regarding red salmon.

But he said he hopes to see the agreement approved by the Diet within this month.

Moriyoshi Sato, minister of agriculture, forestry and fisheries, said he will strive to get Japanese fishing operations started in the affected areas as soon as possible.

Speaking to newsmen after a regular cabinet meeting, Sato said Japan has already proposed to the Soviets that the actual negotiations on catch quotas should start while the agreement is being ratified.

He said he would seek Diet approval of the agreement immediately after it is initialed by both sides.

"If possible, we would like to see the agreement ratified during the golden week," he added.

The agreement, expected to be effective for 3 to 5 years instead of only 1 year as in the past, represents the first application in the world of the section of the UN Law of the Sea which gives a country control over anadromous fish like salmon which return from the ocean to rivers where they spawn. Japan has been requesting the right to catch such fish in the open sea.

The negotiations had been bogged down over the tough Soviet demand to document Japanese fishing operations for salmon in the open sea. The Soviets regarded this as advantageous to the Japanese in the long term, while the Japanese asserted that such unilateral control on the part of the Soviets cannot be approved.

Japanese delegation sources said that the reason the negotiations did not break down was diplomatic consideration by both sides.

The Japanese feared that any failure in the negotiations would result in a virtual suspension of operations by Japanese fishermen for salmon this year, affecting overall bilateral relations.

Under the circumstances, the Japanese Foreign Ministry has bowed to the tough Soviet stand from the start, the Japanese officials said.

On the other hand, the Soviets showed flexibility by concluding an agreement that will become the first bilateral treaty under the administration of Mikhail Gorbachev as leader of the Soviet Communist Party, they added.

CSO: 4100/431



ECONOMICS

PHARMACEUTICAL TRADE DISPUTE WITH U.S. SETTLED

OW260105 Tokyo KYODO in English 0054 GMT 26 Apr 85

[Text] Tokyo, April 26 (KYODO)--Japan has told the United States it will accept in principle all American requests for measures to ease foreign access to the market for pharmaceuticals and medical equipment, in effect ending a bilateral trade dispute in one of four key sectors.

The move came at one-day talks between senior government officials of the two countries held in Tokyo Thursday, Japanese sources said. The talks were part of ongoing negotiations based on U.S. demands for freer market access in the fields of telecommunications, electronics and forest products as well as pharmaceuticals and medical equipment.

Japan included an undertaking in a new market-opening package announced on April 9 that it would accept foreign test data on drugs and medical equipment which are not affected by racial differences and that foreign firms would be allowed to brief a government advisory panel on new products they want to market in Japan.

At Thursday's talks, Japan told the U.S. side it would meet all its six other requests in this sector, including those for approval of foreign data on all pharmaceuticals and for shorter screening periods for drugs used outside the body for diagnostic purposes such as detection of protein from samples of urine, the sources said.

It was agreed to hold expert talks on the question of accepting pharmaceutical test data between the Japanese Ministry of Health and Welfare and the U.S. Food and Drug Administration (FDA) they said.

With the United States welcoming the new Japanese measures, both sides agreed their series of talks on the medical trade issue were "meaningful and fruitful", the sources said.

Meanwhile, the Japanese pharmaceutical industry expressed concern over one point of the agreement that would permit a company to sell the right to produce officially authorized drugs to another firm on condition that the latter manufacture them made of the same ingredients. Industry sources said this would give foreign interests easy entry into the domestic pharmaceutical business and could disrupt market order.

ECONOMICS

MITI APPROVES INCREASE QUOTA FOR THREE CAR MAKERS

OW260625 Tokyo KYODO In English 0613 GMT 26 Apr 85

[Text] Tokyo, 26 April KYODO--The Ministry of International Trade and Industry (MITI) has decided to more than double the number of passenger cars that can be exported by three Japanese automakers to General Motors Corp and Chrysler Motor Corp under a new system of auto export quotas to the United States in fiscal 1985, MITI sources said Friday.

But while showing special consideration for these "captive imports" by the United States, MITI has restrained growth rates of three big makers--Toyota Motor Corp, Nissan Motor Co and Honda Motor Co--in the fiscal year that started 1 April, the sources said.

MITI told officials of eight Japanese automakers Friday morning, the new shares for each of them in the ceiling of 2.3 million units, up 24.3 percent from 1.85 million units in fiscal 1984, they said.

MITI has declined to announce details of either Friday's closed-door meeting with the Japanese automakers or their new shares as each automaker is voluntarily restricting car exports to the United States.

The sources said, however, that the total shipments of Isuzu Motors Ltd and Suzuki Motor Co to GM and Mitsubishi Motors Corp to Chrysler will be raised to some 310,000 units, up some 2.3 times from last year's total of 134,100 units.

The increase of some 176,000 units for the "captive imports" accounts for some 40 percent of an increase of 450,000 units in the new export framework of 2.3 million units.

Japan's actual auto exports in the new fiscal year will go below 2 million units after deducting the 310,000 units to be provided for GM and Chrysler by their Japanese affiliates.

Isuzu supplied 29,500 units and Suzuki 17,000 units to GM while Mitsubishi shipped 87,600 units to Chrysler in fiscal 1984. Mitsubishi also directly exported 35,010 units and Isuzu 29,500 units by their own outlets.

Toyota and Nissan are each being allotted an identical raise of 11.9 percent, to some 617,000 units and 544,000 units, respectively, the sources said. Toyota shipped 551,790 units and Nissan 487,040 units in fiscal 1984.

Honda is being allowed an increase of some 15 percent to 430,000 units, compared with the previous year's result of 372,340 units.

However, both Mazda Motor Corp and Fuji heavy industries Ltd will be allowed increases of some 30 percent and 50 percent, respectively, to some 230,000 units and 117,000 units. Mazda exported 173,470 units and Fuji 76,250 units in fiscal 1984 and the two won big gains because their share of the total was low in the last 4 years.

MITI announced 28 March that voluntary restraints on auto exports to the United States after discovering that Japanese automakers had been planning to export a total of more than 2.7 million units, up nearly 50 percent from the previous year.

However, the MITI decision met with strong criticism in the United States. The administration of President Ronald Reagan informed Japan in early March that it would not request an extension of auto export restraint after the agreement expired at the end of March.

CSO: 4100/430

ECONOMICS

OKITA URGES STIMULATION OF DOMESTIC ECONOMY

OW240953 Tokyo KYODO in English 0904 GMT 24 Apr 85

[Text] Tokyo, April 24 (KYODO)--Former Foreign Minister Saburo Okita Wednesday urged the government to stimulate the domestic economy through the private sector and do everything possible to open up the domestic market to foreign goods in the same spirit as the 1868 Meiji Restoration.

Okita argued that pump-priming measures are possible without causing additional fiscal burden on the government--the primary reason behind Prime Minister Yasuhiro Nakasone's opposition to boost domestic demand as a means for slowing Japan's export drive.

Okita said the private sector should have enough funds to finance domestic demand, noting that there was a 50 billion dollar capital outflow over the past year.

Okita, who was responsible for drafting a report that became the basis of the government's latest market-opening package, made the remarks in testimony to the Upper House Special Committee on Foreign Affairs and Comprehensive Security.

One effective way to expand the domestic economy, he said, is for employers to give a big enough pay raise to employees, or give them a bigger bonus.

He also suggested that the government could encourage consumption by taking away tax incentives on savings, which has been cited as one of the reasons behind Japan's low-level import of consumer goods.

Japan's economy has become bigger but imports have remained stagnant, he said.

Turning to Japan's huge trade surplus, which topped 44 billion dollars in fiscal 1984, Okita said Japan must do everything possible to open up its markets to foreign goods.

He said complaints about Japan's closed markets come not only from the United States and Western Europe but also from Southeast Asian countries and South Korea.

He said the Southeast Asian countries are particularly unhappy about Japan's display of favoritism toward the United States and Western Europe in market-opening measures.

The Southeast Asian countries, primarily exporters of agricultural products to Japan, have complained that Japan maintains a tariff of 35 percent on banana imports and 18 percent on chicken while keeping a 2 percent tariff on steel products, he said.

Echoing a warning by U.S. Ambassador Mike Mansfield, who also testified before the same Diet session, Okita said Japan is going to suffer most if the Free World trade system is threatened by trade imbalance.

Japan should take bold action to open up the country and its markets, in the same magnitude as shown during the Meiji Restoration when the country was forced open by Commodore Perry's "black ships", he said.

CSO: 4100/404

24 May 1985

## ECONOMICS

## BRIEFS

COMMITTEE TO PROMOTE DAM--Tokyo, April 24 (KYODO)--The Japan-China Association on Economy and Trade Wednesday established a committee within the association to promote a big joint dam project in China. An association spokesman said the committee, representing 27 private companies and organizations, will give technical aid and other relevant assistance to what will prove to be the world's largest hydroelectric dam project in Sandouping on middle reaches of the Changjiang (Yangtze) River in Hubei Province. The dam's power-generating capacity will be 13 million kilowatts, with its height planned to be 175 meters--the highest in the world. The 2 trillion yen project, which will take 17 years to complete, will have a central role in China's seventh five-year economic program beginning next year, the spokesman said. The association sent a mission to the site last month for first-hand observation and conferred with top Chinese officials on possible areas of cooperation. [Text] [Tokyo KYODO in English 0711 GMT 24 Apr 85]

JAPAN, U.S. REOPEN AVIATION TALKS--Tokyo, April 29 (KYODO)--Japan and the United States Monday reopened aviation talks at the Foreign Ministry aimed at settling the proposed entry of Nippon Cargo Airlines (NCA) into trans-pacific air freight service. The Japanese Transport Ministry hopes to reach final agreement this time as the two countries have basically agreed on the NCA entry but were unable to finalize it in light of other bilateral trade questions, Japanese aviation sources said. The two countries suspended the talks for the third time early this month in Washington after failing to agree before NCA's proposed entry date of April 1. The U.S. side is led by Deputy Assistant Secretary of State Franklin Willis, while the Japanese group is under Sumio Shioda, deputy director general of the Transport Ministry's international transportation and tourism bureau. [Text] [Tokyo KYODO in English 0831 GMT 29 Apr 85]

TRANSPORT MINISTRY DRAFTS PORT PLAN--Tokyo, May 1 (KYODO)--The Transport Ministry plans to strengthen the functions of ports as overall terminals for goods distribution equipped with information processing capabilities, instead of being merely distribution facilities as at present. This is one of the main features of a plan worked out by the ministry in its long-term policy for port improvement until the year 2000, ministry officials said Wednesday. The ministry intends to translate the ideas into action in its seventh five-year port improvement plan to be implemented from fiscal 1986.

It also plans to construct artificial offshore islands which will function as telecommunications and information bases, dubbed "teleports", by installing satellite communications equipment, the officials said. Also on the drawing board is the building of ocean recreational grounds where areas for distribution, industrial activity and leisure would be linked, they said. In addition, the ministry intends to improve port facilities at nine harbors throughout the nation, in addition to Tokyo, Osaka and Ise harbors, where regular cargo ships for foreign trade can make port calls, they said. [Text] [Tokyo KYODO in English 1152 GMT 1 May 85]

OECD ON JAPAN STEEL POLICY--Paris, April 26 (KYODO)--A committee of the Organization for Economic Cooperation and Development (OECD) held a question-and-answer session on Japan's steel industry policy Thursday, focusing attention on the country's small steel imports compared with exports. The steel committee of the Paris-based club of 24 industrial countries met to review Japan's policy, with Sweden and Norway acting as reviewers. Representatives of the United States and other OECD countries joined those of the three other nations later. The committee devoted most of the session to discussion on Japan's steel import policy, conference sources said. The questioners were quoted as suggesting that Japanese steel manufacturers and their domestic customers have established close relations and that this has combined with the government's protective policy to restrict imports. The Japanese side explained the industry's streamlining plan and market trends in seeking understanding of its policy, and there were no heated exchanges or arguments, the sources said. [Text] [Tokyo KYODO in English 0241 GMT 26 Apr 85]

CAR EXPORTS UP IN 1984--Tokyo, April 30 (KYODO)--Japan's motor vehicle exports in the year ended March 31 rose 7.7 percent from a year earlier to 6.13 million units--the second best showing after the peak of 6.15 million units in the 1980 business year, the Japan Automobile Manufacturers Association said Tuesday. Shipments to the United States led the exports with a 16.8 percent rise to 2.62 million units, the association said in a statement. Exports to Southeast Asia and Latin America rose 28.6 percent to 713,000 units and 21.1 percent to 198,000 units, respectively. Car exports rose 5 percent to 3.96 million units, while shipments of trucks went up 11.6 percent to 2.1 million units and buses shot up 76 percent to 67,809 units. Total motor vehicle exports were valued at 32.95 billion dollars, up 13.4 percent from a year ago, the association said. Japan exported 447,221 units of motor vehicles in March, up 0.9 percent from a year before, the association said. Motorcycle exports in the year fell 4.1 percent to 2.19 million units with shipments in March alone edging up 0.3 percent from a year earlier to 221,200 units. [Text] [Tokyo KYODO in English 1054 GMT 30 Apr 85]

LOAN TO EGYPT--Tokyo, 28 April KYODO--Japan will extend a 50 billion yen loan to Egypt to help finance the country's socio-economic development programs, the Foreign Ministry said Sunday. Notes on the credit were exchanged between the two governments Sunday in Cairo. A largest portion of the amount or 15.75 billion yen will be used for construction of a cement plant. The Japanese loan will also cover six other projects, including an agricultural development program and a power substation construction project, it said. The loan will carry an annual interest rate of 4 percent and is repayable in 30 years which include the 10-year grace period, according to the ministry. With the new line of credit included, Japan's yen loans to Egypt have totaled 342.88 billion yen since 1973, the ministry said. [Text] [Tokyo KYODO in English 0908 GMT 28 Apr 85 OW]

STEEL EXPORTS INCREASE--Tokyo, 26 April KYODO--Japan's steel exports totaled 33.16 million tons in fiscal 1984, up 0.8 percent over a year earlier, for the second annual rise in a row, the Japan Iron and Steel Federation said in a preliminary report Friday. Exports in value also rose 6.9 percent to 14.9 billion dollars, up 6.9 percent, in the year ended 31 March, for the first gain in 3 years. Shipments to the United States jumped 19.5 percent to 6.3 million tons for the first 6 million-ton level in 3 years. While shipments of bar steel and rolled steel declined, those of seamless pipes rose. Imports of steel suffered a 7.2 percent decline to 3.01 million tons for the first drop in 4 years. The federation said in its flash report exports of steel in March totaled 3.28 million tons, up 11.1 percent over the same month of the preceding year and up 4.1 percent in value to 1.37 billion dollars. Shipments to the United States rose 2.7 percent over a year earlier to 658,000 tons, and a whopping 71.0 percent over the previous month. Fifteen items, including bar steel, rose although shipments of such products as steel plate declined. Steel imports in March came to 124,000 tons, up 3.1 percent over February but down 69.0 percent from a year earlier. [Text] [Tokyo KYODO in English 0856 GMT 26 Apr 85 OW]

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